In Focus: Programming's New Deal

CHANNELS

MARCH THE BUSINESS OF COMMUNICATIONS 1988

Tough Guys Finish First.

But the King brothers aren't satisfied just having the top three shows in syndication. They want to produce television programs, own stations—in short, build an entertainment empire. They've sure got the money . . .

King World's Michael and Roger

DYNAMIC

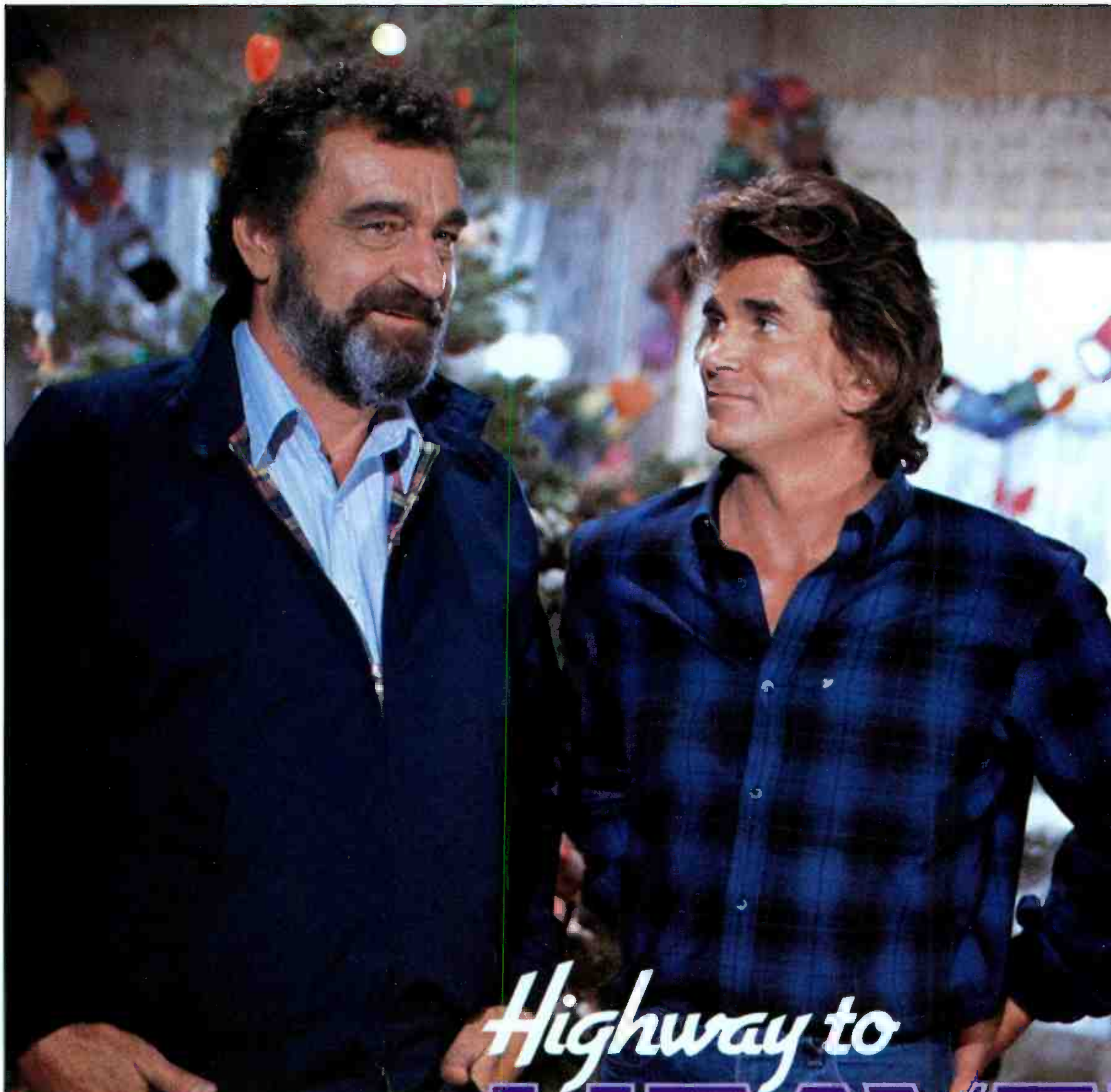
MARVEL UNIVERSE®

Now together for the first time! Your favorite superheroes in one power-packed package of action animation! Proven stars such as SPIDERMAN and the INCREDIBLE HULK, as well as explosive newcomers COMMANDER VIDEO and, from the smash box office hit, ROBOCOP! Experience the established kid appeal of America's number one action family, and hitch your children's line-up to the stars!

65 half-hours for the fall of 1988.

NEW WORLD
TELEVISION GROUP

DIVINE



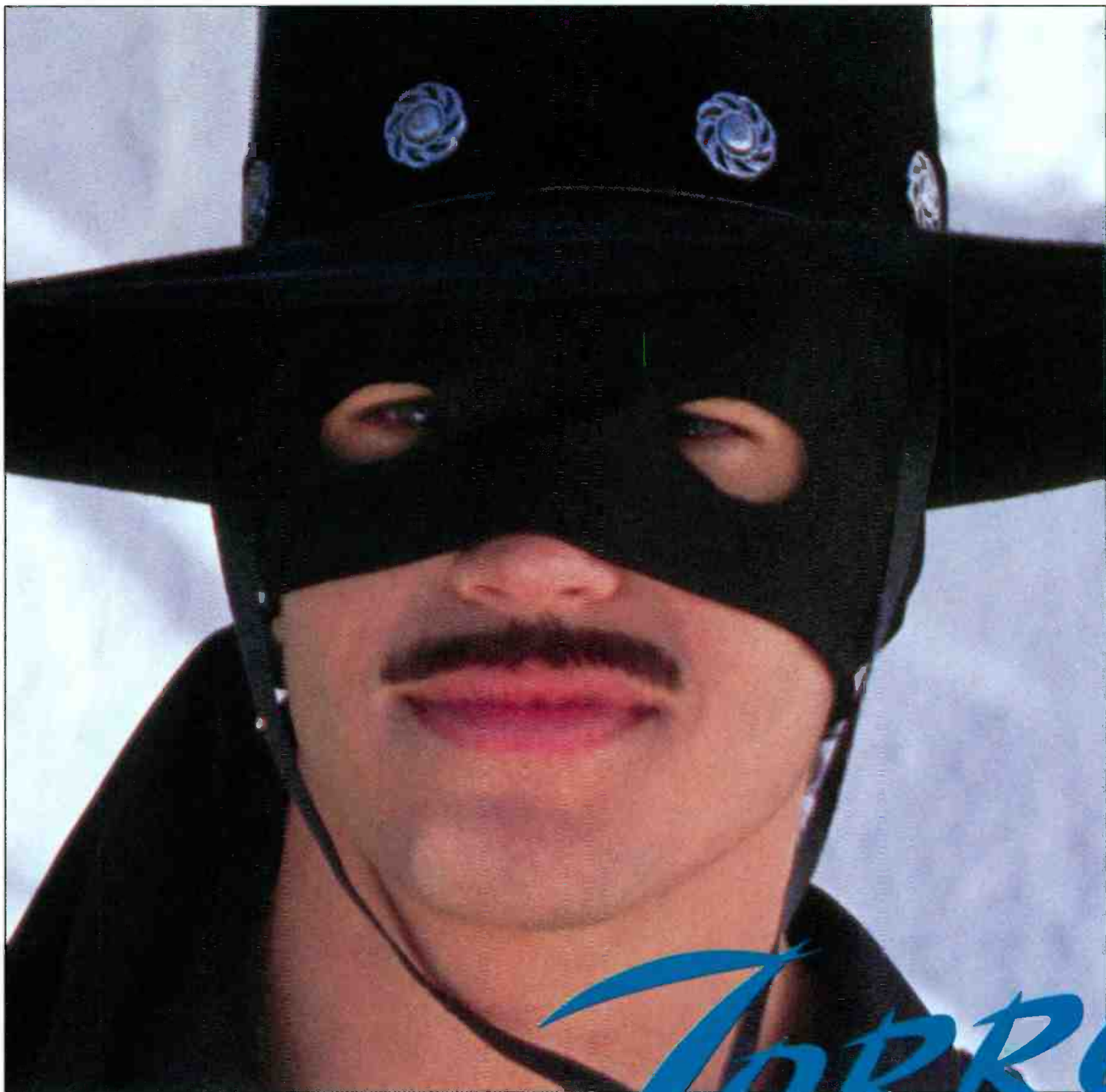
Highway to HEAVEN

When you want a program proven in every factor crucial to syndication success, HIGHWAY TO HEAVEN is the one! With a consistent track record on NBC, popular stars Michael Landon and Victor French, and the same high quality family entertainment that made both "Little House On The Prairie" and "Bonanza" syndication winners, HIGHWAY TO HEAVEN is sure to become *your* road to programming success!

For the fall of 1989.

NEW WORLD
TELEVISION GROUP

DASHING



ZORRO
the legend continues!

One of the most romantic heroes of all time returns in an all-new action/adventure series! ZORRO, THE LEGEND CONTINUES stars Patrick James as the mysterious and debonaire swordsman whose daring exploits will capture the imagination and hearts of audiences all across America.

25 half-hours for the fall of 1988.

Goodman/Rosen Productions for Ellipse Programme in association with the New World Television Group

NEW WORLD
TELEVISION GROUP

DARING

BOOTH #611

NATPE International 25th Annual Program Conference

Photo: Francesco Scavullo

The Helen Gurley Brown Show

Daring, provocative and *very* personal,
Helen Gurley Brown, well-known editor of Cosmopolitan, now has her own show! Saluted as one of the 50 most influential women of this century,* she has an ongoing relationship with over 10.4 million readers in the U.S. alone. Now she reaches that audience *and more!* Welcome to the talk show with a difference... The difference is Helen Gurley Brown!

Weekly strip for the fall of 1988

Zanuck/Brown and Atlantic/Kushner/Locke in association with the New World Television Group

NEW WORLD
TELEVISION GROUP

*Woman's Day/October 27, 1987

CHANNELS
THE BUSINESS OF COMMUNICATIONS
VOL. 8, NO. 3 MARCH 1988

Les Brown's "The Public Eye" will return next month.

Cover Photograph: Penny Wolin

Columbia/Embassy Television
and
Tri-Star Television
proudly announce
the formation of

Columbia Pictures Television
A unit of Columbia Pictures Entertainment, Inc.

EDITOR'S NOTE

The New Faces in the Crowd

A glance at the contents of this month's *Channels* can't help but bring to mind how dramatic the ongoing changes are in the television industry and how new faces are changing all facets of media. The emergence of a new guard is something that's taking place in each and every segment of the industry—at stations, cable systems, syndication companies and cable networks. And that fact will also be in evidence at the gathering we focus on this month in our special package directed at the always interesting National Association of Television Program Executives' (NATPE) convention.

The players are changing—as is evident from our cover story, senior editor Cecilia Capuzzi's insightful, close-up look at the King brothers. In addition, contributing editor Mark Frankel's examination of a man almost no one seems to really know, FCC chairman Dennis Patrick, also sheds light on an industry figure in a major new role. No one has done more to change syndication in the '80s than the Kings, and no one will be more closely watched through the rest of the decade as that industry repositions itself. Dennis Patrick, who may be around government for a long time if the Republican party retains control of the White House and grants Patrick an extension of his tenure, could also wind up having as much impact on television as recent activist chairman Mark Fowler. Also in the change category, *Channels'* In Focus package explores the new ways stations and syndicators cut deals, how the rationale for the exploding NATPE marketplace is evolving and how inevitable change in the syndicated-exclusivity rules will affect virtually everyone in the industry. In our Sound Bites interview this month, we feature the provocative programming views of Nickolas Davatzes, president of the cable programming endeavor that has recently acquired new sizzle, the Arts and Entertainment network. They're all stories of dramatic change in an industry that won't stand still.

People like Patrick, Davatzes and the Kings have only recently become major figures in television, unlike other March subjects Don Taffner and Jim Henson, who've had to sustain considerable creativity over many years to retain prominent niches. At *Channels*, throughout 1988, we'll continue to devote a lot of attention to examining the new and the old, especially those only recently coming to the fore, who are changing the media business from top to bottom. Television isn't just a business of machinery, systems and signals; above all, it's a business of people and relationships. To understand the thinking of the powers of the industry is to understand where television is headed.

At *Channels*, we're not standing still either. We continue to bring aboard staff members with backgrounds appropriate to shaping our incisive coverage of the industry. Two new senior editors join *Channels* this month. Kirsten Beck, one of the most prolific writers about programming and syndication, particularly on the international front, is now part of the *Channels* team. Kirsten is the author of the book *Cultivating the Wasteland: Can Cable Put the Vision Back in TV?* J. Max Robins, a former contributor to *Adweek*, also joins us this month, bringing to *Channels* significant expertise in advertising and marketing trends and a broad background that covers a variety of important media-industry subjects. Robins' work has appeared in a host of magazines including *Playboy* and *Manhattan, inc.*

Merrill Brown

CHANNELS
THE BUSINESS OF COMMUNICATIONS

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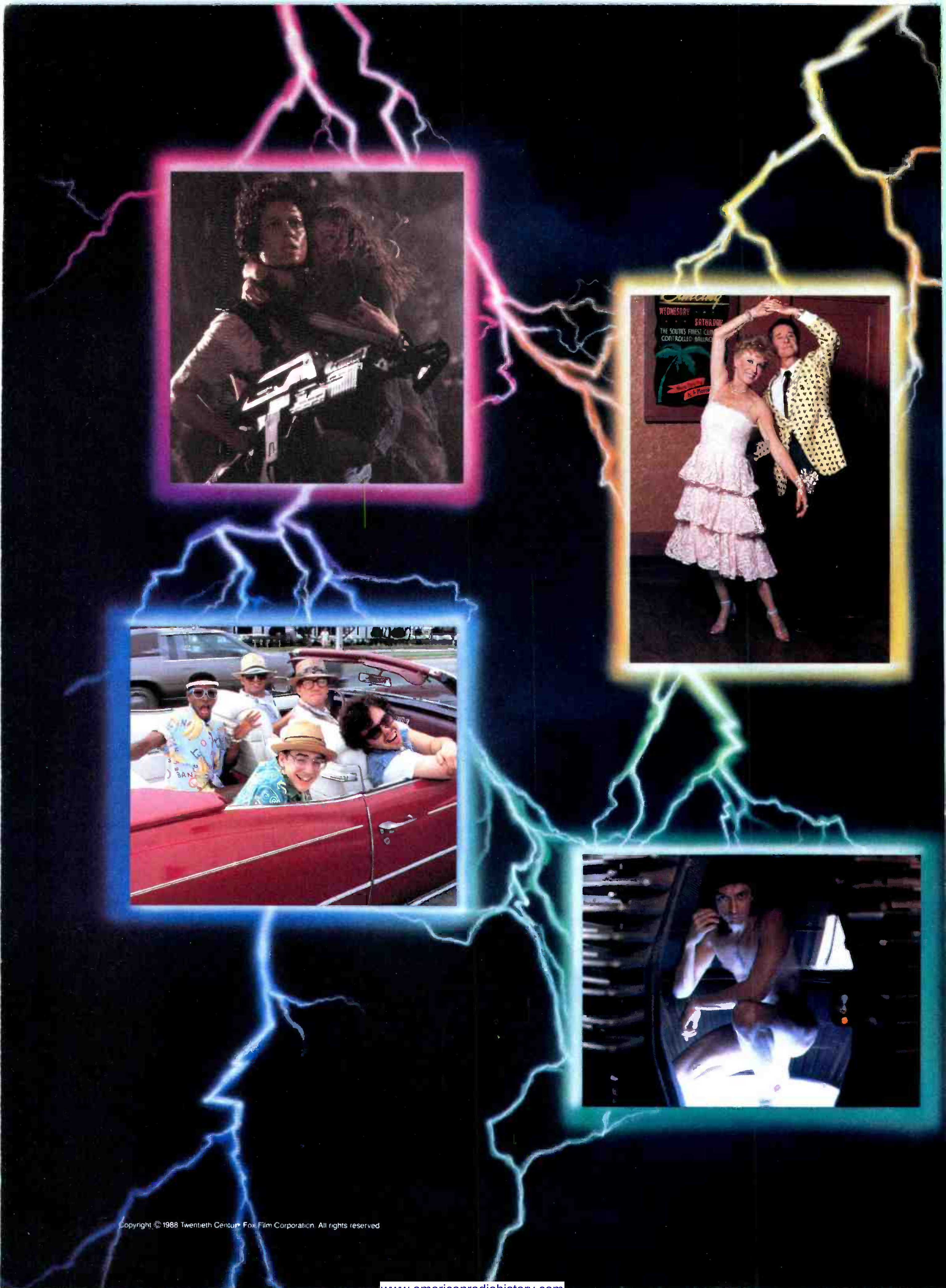
CHANNELS The Business of Communications (ISSN 0895-643X) is published monthly except for August by C.C. Publishing Inc., 19 West 44th Street, New York, NY 10036. Application to mail at second class postage rates is pending at New York, NY and additional mailing offices. Volume 8, Number 3, March 1988.

Subscriptions: $65 per year; all foreign countries add $18. **Please address all subscription mail to CHANNELS The Business of Communications, Subscription Service Dept., P.O. Box 6438, Duluth, MN 55806, or call 218-723-9202.** **Postmaster:** Send address changes to CHANNELS, The Business of Communications, Subscription Services Dept., P.O. Box 6438, Duluth, MN 55806. **Editorial and business offices:** 19 West 44th Street, New York, NY 10036; 212-302-2680. Unsolicited manuscripts cannot be considered or returned unless accompanied by a stamped, self-addressed envelope.


BOX OFFICE LIGHTNING STRIKES HOME.



LETTERS

Batting .600

Thanks for correcting the error in the 1988 Field Guide ["Video Publishing," December '87].

As of September 29, 1987, *Crocodile Dundee* had sold 1.846 million videocassettes, making it the third all-time leading seller in that category and giving Paramount six of the top ten sellers of all time.

Gary Tobin
Senior Director, Public Relations
Gulf + Western Inc.
New York, N.Y.

Who's On First?

I have enjoyed *Channels* since the first issue. And I have much praise for your consistent stand on the importance of responsible leadership in the TV community.

There needs to be a correction in the Howard Stringer story ["If Howard Had Known...," October 1987]. From 1946 to 1952, I was the CBS Television director of news, sports and special events. Then Ed Chester was the overall director, followed by Davidson Taylor. Paul White, then Ted Church, were the heads of radio news during that period.

A worthy article for *Channels* would be an accurate story of when all the news, sports and special-events "firsts" took place, and who was involved. Most accounts of that history in books and articles are considerably flawed, and the industry deserves a proper record of its beginnings.

Robert Bendick
Guilford, Conn.

Back to Math Class

Your article titled "A New High Profile for Cable's Basic Strengths" [December '87] had some totally inaccurate information relevant to the fees ESPN claims to be charging its affiliates for their package of 13 NFL games.

As of September 25, 1987, ESPN's service fee for each affiliate's subscriber is 28 cents. Yet your article quotes ESPN's president, William Grimes, as saying "for 13 games, we were asking a 16 percent increase" in affiliation fees. He goes on to say that 98 percent of the network's affiliates agreed to add at least 9.25 cents per subscriber to the package. Unless I am mistaken, 9.25 cents equals a 33 percent increase, not 16, as he claims. If we calculate this the other way and take 16 percent of 28 cents, we come up with an increase of 4.48 cents and not the 9.25 cents he claims to be the minimum increase imposed on an affiliate for this package.

Even when we take Mr. Grimes back to math class and correct his homework, the truth remains as yet uncovered. As an affiliate of ESPN carrying their service on basic, I pay ESPN 28 cents per subscriber. In May 1987 ESPN sent my office a supplemental affiliation agreement for the NFL rights. This document clearly set forth the proposed rate schedule that I would have had to pay had I decided to participate in this package. My cost per subscriber was to have been 14 cents per sub for the first year, and 15 cents per sub thereafter. This is a 50 percent increase over and above my existing costs for ESPN for the entire year. For a small cable company like mine, an increase of this size was totally unacceptable. As a result, I opted not to participate.

I hope this information might be included some time in the future, as your publication strikes me as one that is interested in accurate journalism.

Cliff Duncan
Duncan Cable TV
Wilmington, Vt.

Of Stars, Satellites and Psychedelia

This may sound like a sour-grapes response from a news director reacting to your feature on KVII-TV ["True Grit in Amarillo," October '87], but it is not. I have long been an admirer of the KVII operation, and wish all owners would give their news department the support and freedom that Stanley Marsh gives KVII. However, the story was so full of inaccuracies, I think some effort should be made to correct a few of them.

Firstly, our station did not "woo" Bedford Forrest from KVII after 13 years. Forrest had been out of broadcasting for more than a year after being released from KVII because it decided a full-time farm and ranch director was not warranted in this market. We simply called Forrest and asked if he wanted to get back into TV. By no means did we get in a bidding war with KVII. Also, I am baffled by the reference to the "psychedelic" news car KVII supposedly used to cruise the panhandle. The reference to KVII's weekend tours with air talent, network stars and bands was pioneered by KFDA in the early '60s. KVII did not have the area's first transmission tower. Both KFDA and KAMR were on the air years before KVII began broadcasting, and with our coverage area, had to have towers.

KVII also did not have the first radar—KFDA did. KVII did get the first Doppler radar in this market. The reference to the first satellite is also puzzling. KFDA set up the first satellite stations, later purchased by KVII from the disastrous Bass Broadcasting tenure at KFDA. KFDA also had the first satellite dish. Bill Tell Zortman had several area stringers, but nowhere near 70, and by no means did "most" of them have cameras.

These inaccuracies detract from an otherwise good profile of how investment in people and equipment pays off and makes a news department number one and the station number one in revenue. I wish all owners operated on that proven fact.

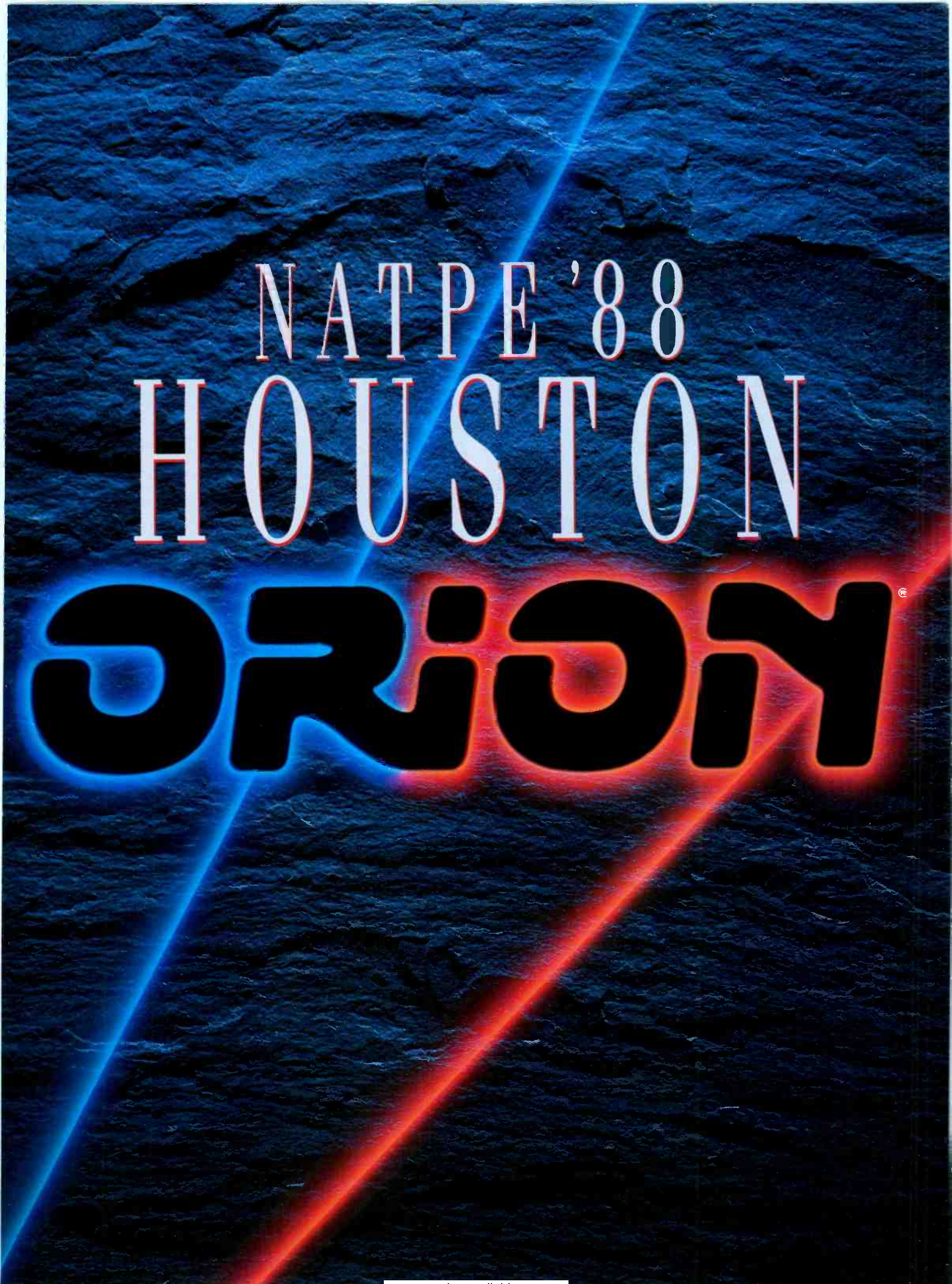
Larry Statser
KFDA-TV News Director
Amarillo, Texas

According to our writer, Jean Grillo, it was Mike Lee, KFDA's general manager, who described his station as "wooing" Bedford Forrest to KFDA. And although our story did discuss KVII's use of radar, satellites and promotion tours, it was not meant to imply that these were unique to KVII. As for stringers and cameras, that information came from Lee and an article in Southwest Magazine *provided to our writer as background. We were indeed incorrect in saying KVII built Amarillo's "first transmission tower."—Ed.*

CORRECTIONS

In the "Database" section in our January issue, stock prices (after split adjustments) for the following companies should read: LIN Broadcasting (27.69); Home Shopping Network (18.56); Gannett (36.06); News Corp (23.50); Tribune (28.50)

In "The Year in Review," the reference to NBC's cancellation of *1986* in November '86 was not meant to imply that Grant Tinker was NBC's chairman at that time. Tinker left NBC on June 30, 1986. *Channels* regrets the errors.


NATPE '88
HOUSTON
ORION®

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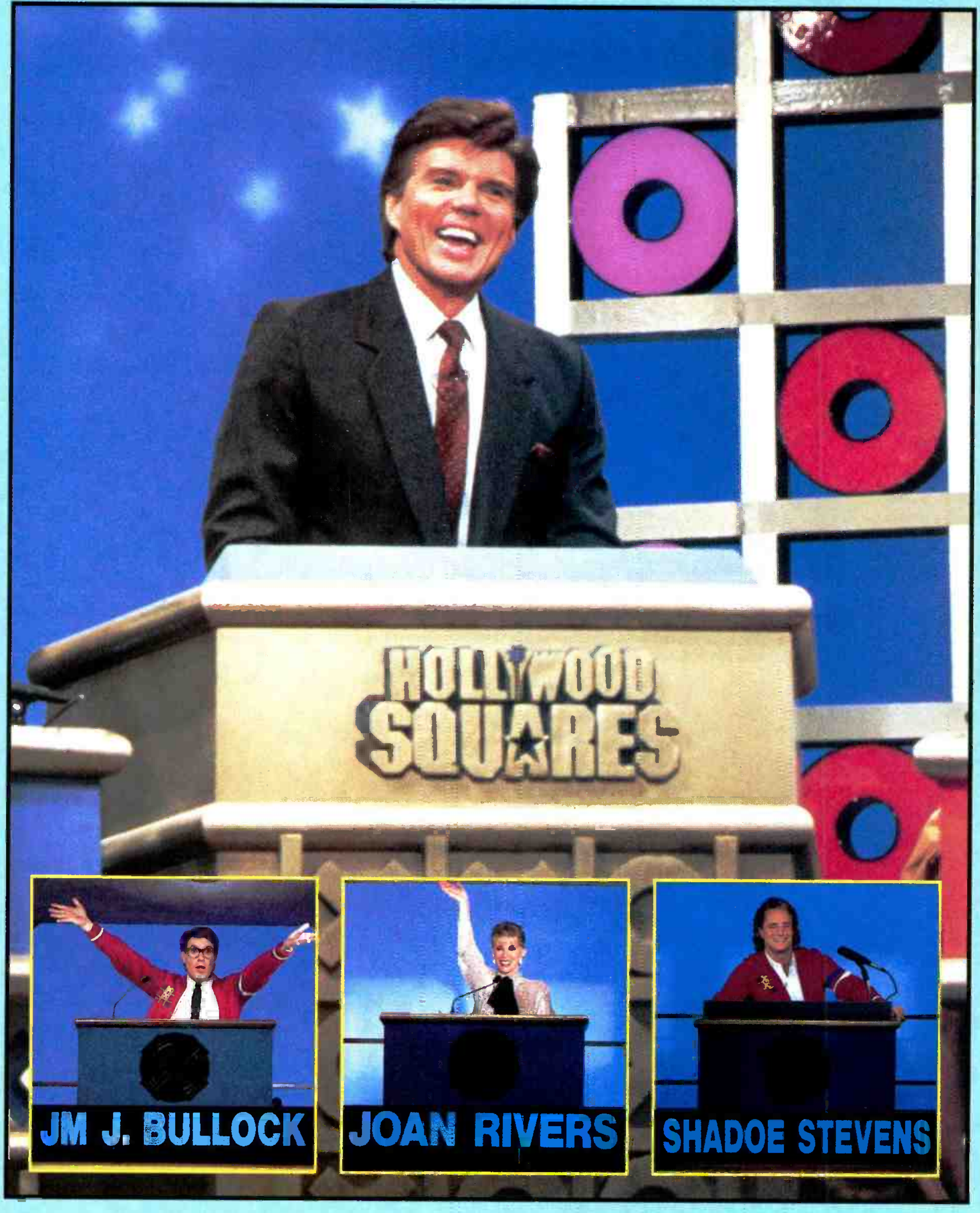
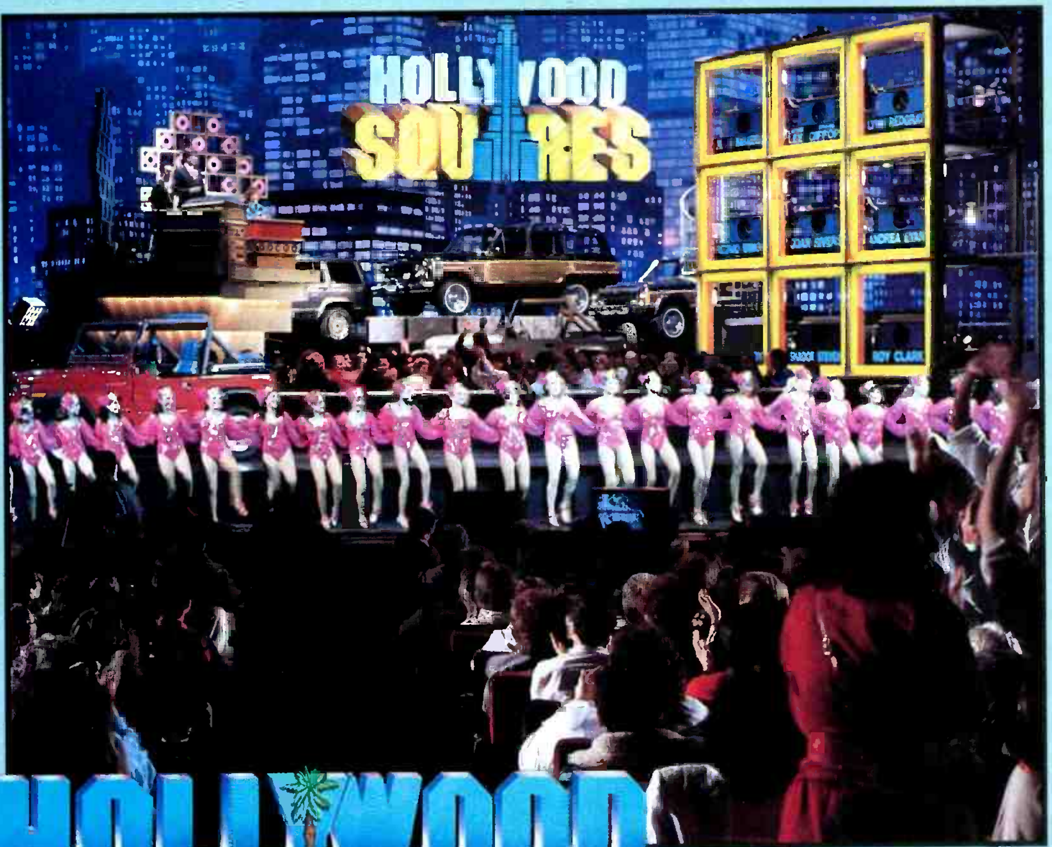
TELEVISION SYNDICATION



The unpredictable game show that combines celebrities, comedy and the unexpected! Hosted by John Davidson and starring Joan Rivers in the Center Square, and featuring regulars Jm J. Bullock and Shadoe Stevens!

Exciting location sites have included the largest game show audience ever at Radio City Music Hall.



HOLLYWOOD SQUARES

FUN-IN-THE-SUN on the beach in Hollywood, Florida for two weeks of exciting shows.

The critically acclaimed Emmy Award-winning series that has what it takes! The relationships, the action and the drama capture a broad-based loyal audience guaranteeing top numbers in first-run and repeat. 125 episodes currently available for your line-up.

ORION I: A superb collection of 20 titles ready to deliver their greatest impact on television including MAD MAX and DRESSED TO KILL. Packed with television's favorite stars Martin Sheen, Susan Saint James, Sean Connery, Jane Curtin, Henry Fonda, Jessica Lange, Natalie Wood, William Shatner, Michael Caine and more!

ORION II: 25 major motion pictures in a package designed with versatility for maximum ratings in all day parts. Star-studded titles with Paul Newman, John Travolta, Darryl Hannah, Mel Gibson, Donald Sutherland, Rodney Dangerfield, Richard Gere, Chuck Norris, Jacqueline Bisset, Nick Nolte, William Hurt and more!

Action, suspense and drama in 11 captivating made-for-television movies with timeless stories and the award-winning stars audiences desire…Mark Harmon, Farrah Fawcett, Carroll O'Connor, Faye Dunaway, Robert Hays, Jean Stapleton, Geraldine Page, Tom Conti and more! Highly promotable to capture higher ratings!

A spectacular motion picture package of 20 highly promotable titles with the power to generate winning ratings performance including BACK TO SCHOOL, HANNAH & HER SISTERS, DESPERATELY SEEKING SUSAN and CODE OF SILENCE…Sold in over 75 markets including all of the Top 30! **AND COMING SOON…ORION IV.**

See us at NATPE
Booth #938

ORION®
TELEVISION SYNDICATION



Vestron Television Presents

FIRST IMAGES

An Outstanding Array of Twelve First Run Films

DIRTY DANCING ▪ MALCOLM
8 MILLION WAYS TO DIE ▪ PROMISED LAND
REBEL ▪ CALL ME
THE DEAD ▪ BILLY GALVIN
CHINA GIRL ▪ BIRCH INTERVAL
BROTHER FROM ANOTHER PLANET ▪ RETURN OF THE SECAUCUS SEVEN

DANCING TO THE BEAT OF SUCCESS

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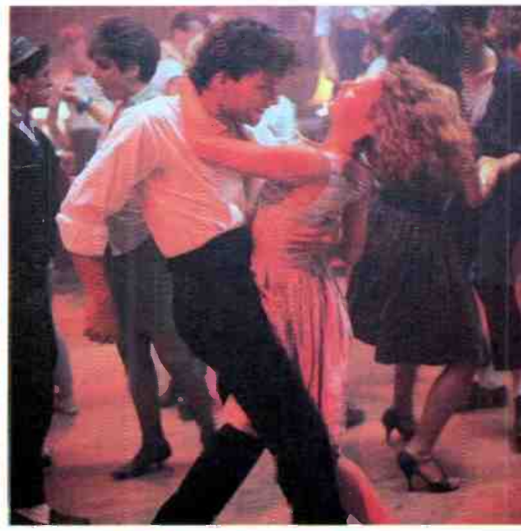

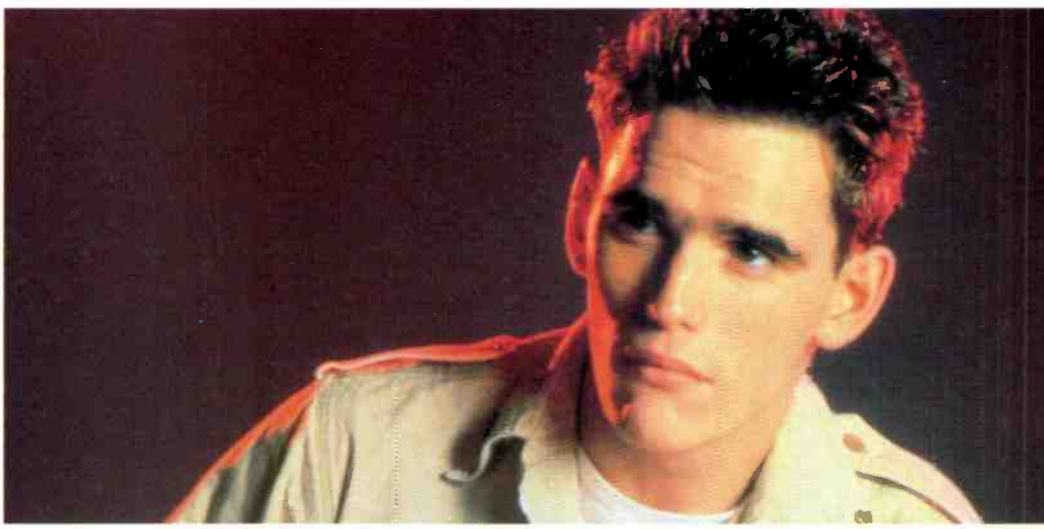

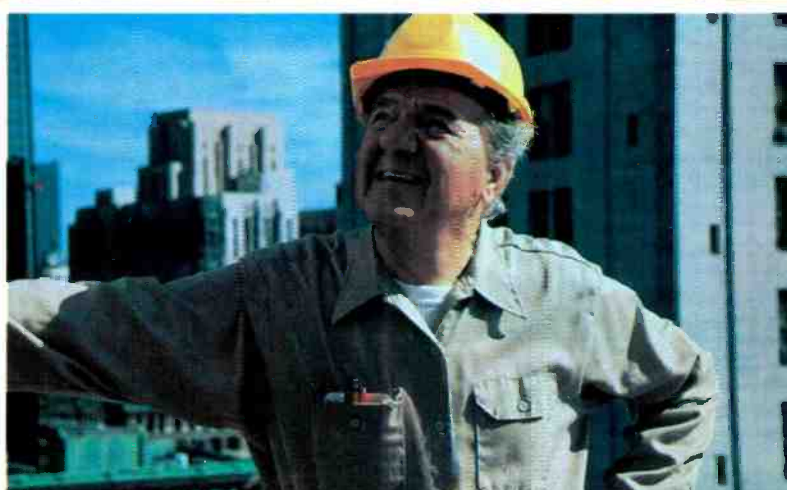

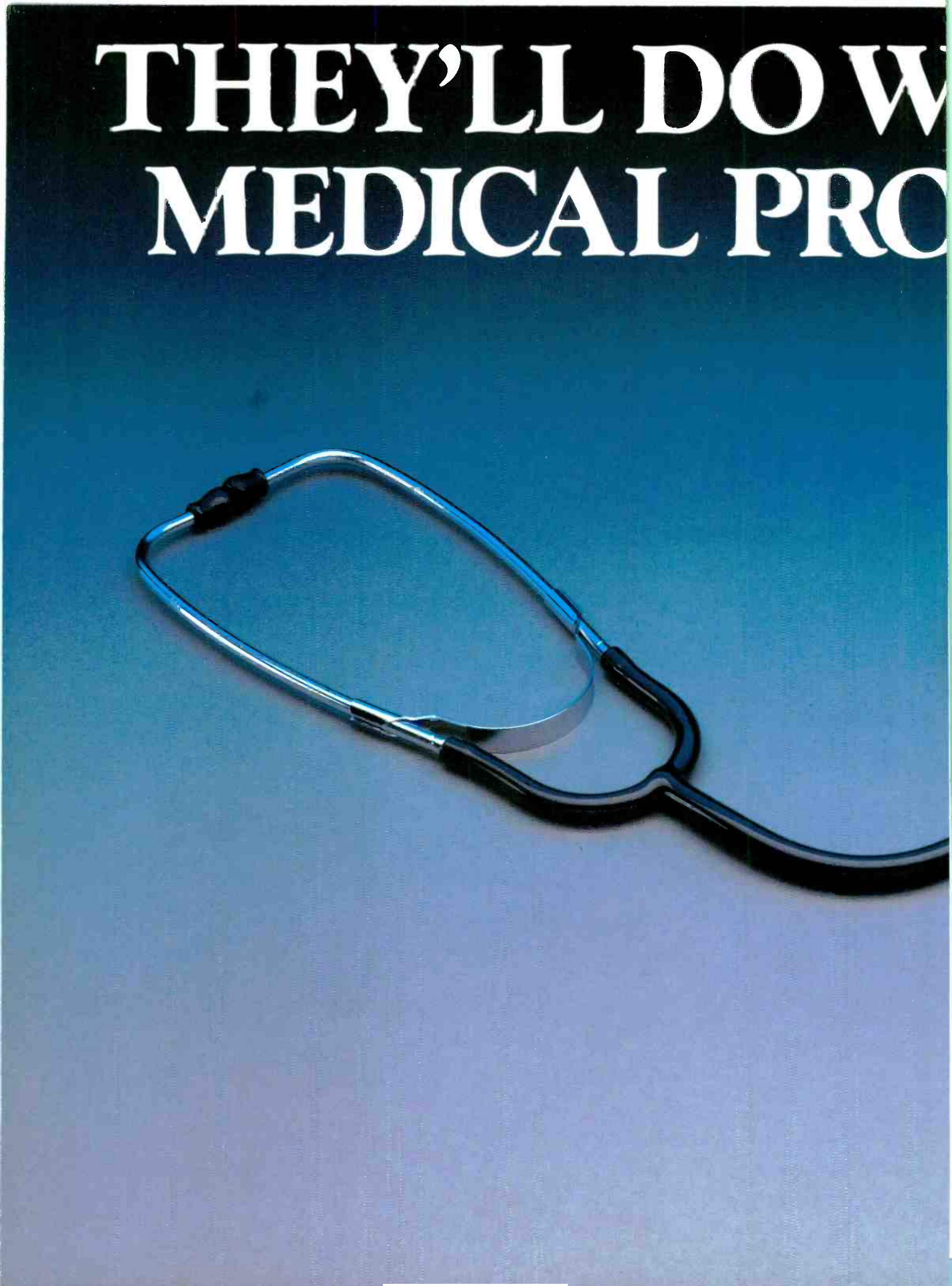
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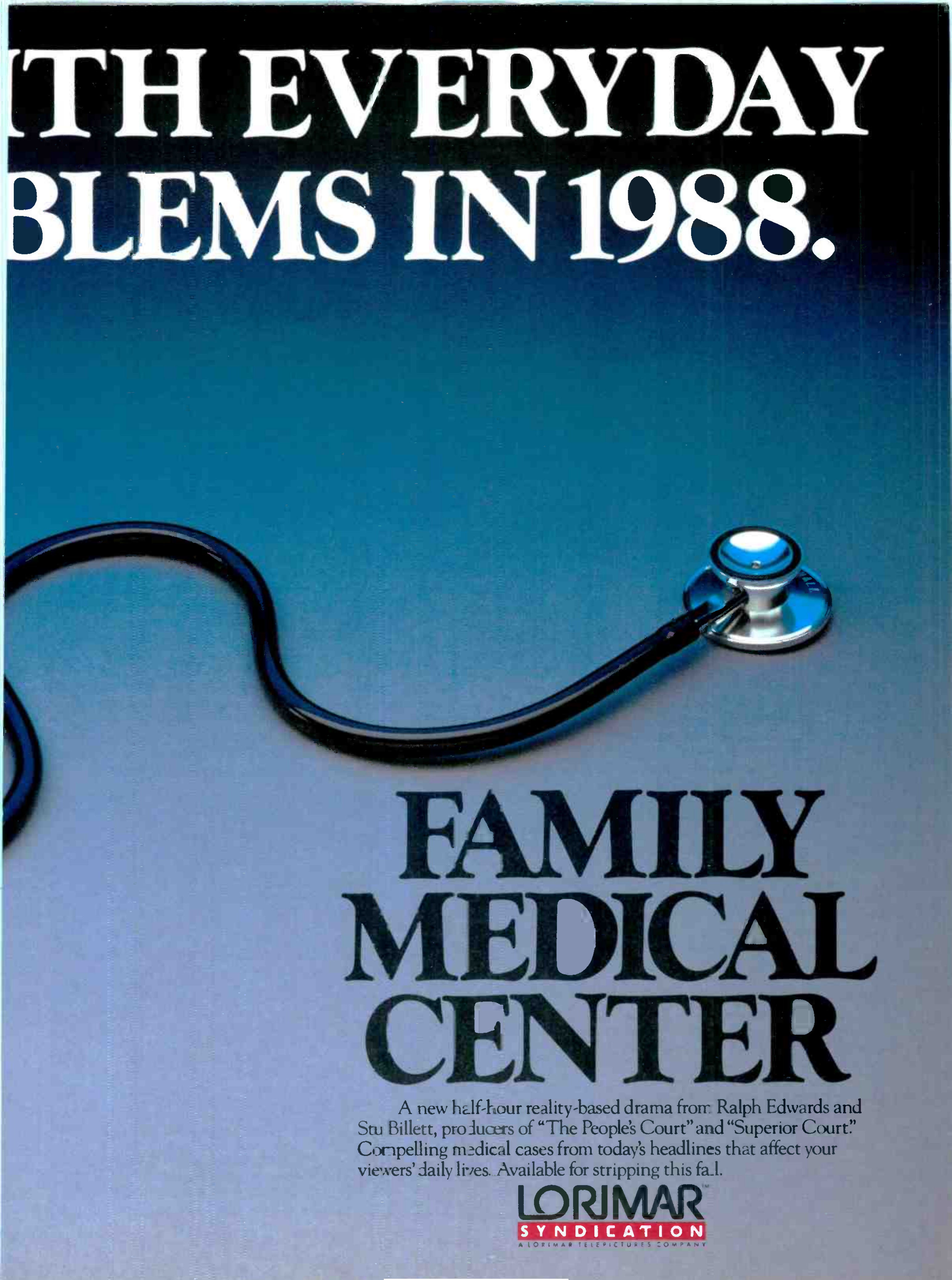
TH EVERYDAY
BLEMS IN 1988.
FAMILY
MEDICAL
CENTER
A new half-hour reality-based drama from Ralph Edwards and Stu Billett, producers of "The People's Court" and "Superior Court." Compelling medical cases from today's headlines that affect your viewers' daily lives. Available for stripping this fall.
LORIMAR
SYNDICATION
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Kids and the Bottom Line

by Kevin Pearce

MARCH 23: The **Federal Communications Bar Association** planned to have the new **FCC** commissioner speak at its monthly luncheon. But since the **Sen. Ernest Hollings**-FCC feud has stalled the appointment of nominee **Susan Wing**, the FCBA is searching for a new speaker. A shame, since the new commissioner could have chosen from a wealth of possible topics, including the contested deadline for cross-owner **Rupert Murdoch** to sell either **WNYW-TV** or ***The New York Post*** and the **April 4** deadline for replies concerning the readoption of rules governing the commercialization of children's programming. Another possible re-regulation topic: the reinstitution of minority preference policies.

. . . .

APRIL 1: April is **National Cable Month**. To kick off the campaign, **C-Span II** will air a 56-hour cable-programming marathon nationwide, from 6 P.M. EST on April 1 until 3 A.M. on April 4. Co-sponsored by **Comcast Cable, United Cable, Warner Cable, Daniels & Associates, Heritage Communications, Jones Intercable** and **Telecable**, the smorgasbord will feature free programming from up to 40 networks including **HBO, Showtime, CNN, MTV, ESPN, The Disney Channel, USA, The Weather Channel, Lifetime, TNN, The Discovery Channel, TBS, FNN, CBN** and **Arts & Entertainment Network**. Over 12 million households receive C-Span II through 475 cable systems; other viewers can see the "imaginative sampler of cable's finest offerings" through access or open channels.

. . . .

APRIL 4: On opening day, **Major League Baseball** affects a new television-distribution game plan by scrambling its primary feeds. **Hughes TV Network**, which uplinks the games, will handle the scrambling using **General Instrument**'s **VideoCipher I** encoding equipment. The country's 2 million dish owners had protested the use of VideoCipher I because it is incompatible with **VideoCipher II**, the most commonly used system. Baseball wanted a different standard, however, and was reportedly wary of VideoCipher II's simpler video encryption. Dish owners will still be able to receive many signals from regional rebroadcasts, though MLB hopes eventually to interest TVRO packagers. This year Major League Baseball begins negotiations for new TV contracts, with **USA, TBS, ESPN** and **Fox Broadcasting** almost certainly joining **ABC** and **NBC** in the game. **HBO** and **Ted Turner**'s planned new **Turner Network Television** are also possible players.

. . . .

APRIL 5-9: Public Television's answer to **NATPE**, the **Interregional Program Service's Program Fair** is the marketplace where PBS stations go to buy shows to flesh out their schedules. Over 300 stations will be represented.

. . . .

APRIL 10-12: "America is Cable-Ready" is the theme of the **Cabletelevision Advertising Bureau's 7th Annual Conference**. Local ad-sales training, operations techniques, political ad dollars and local cable ratings will be among the topics discussed. An all-star firing line will feature **Viacom's Frank Biondi, TCI's John Malone, FC&B's Joseph Ostrow** and **William Grimes** from **ESPN**.

. . . .

APRIL 14: Action for Children's Television celebrates its 20th anniversary. A birthday party in Boston April 14 will include a seminar on children's home video, the donation of the ACT library to Harvard and an awards presentation. Two days later, a luncheon at New York's Tavern-on-the-Green will feature a discussion of news programming for young people. ACT's recent battles have been against a **Moral Majority** ad boycott and the FCC's new "indecency" policy. Though the organization is gearing up for its fight this month against the **FCC** regarding **the commercialization of children's TV**, ACT is by no means anti-business, according to founder Peggy Charren. "The way to help is not by limiting, but by expanding options," Charren says. "We work toward the goal of broadening alternatives that are healthy for the viewers and healthy for the producers. Better commercial broadcast television can be made without destroying the bottom line. We think our timing's perfect, because program-length commercials are losing their audience." ●

CALENDAR

Mar. 15-16: American Advertising Federation spring government-affairs conference. Willard Hotel, Washington. Contact: Julienne Wood, (202) 898-0089.

Mar. 17-20: Alpha Epsilon Rho, National Broadcasting Society, National Convention. Sheraton Centre, N.Y. Contact: David Guerra, (501) 569-3165.

Mar. 21-23: Satellite Broadcasting and Communication Association trade show. Bally's, Las Vegas. Contact: Rick Schneringer, (800) 654-9276.

Mar. 21-23: North Central Cable Television Association annual convention. Hyatt Hotel, Minneapolis. Contact: Mike Martin, (612) 641-0268.

Mar. 22: American Women in Radio and Television annual national commendation awards ceremony, chaired by Jane Pauley. Waldorf-Astoria Hotel, N.Y. Contact: Diane Walden, (202) 429-5102.

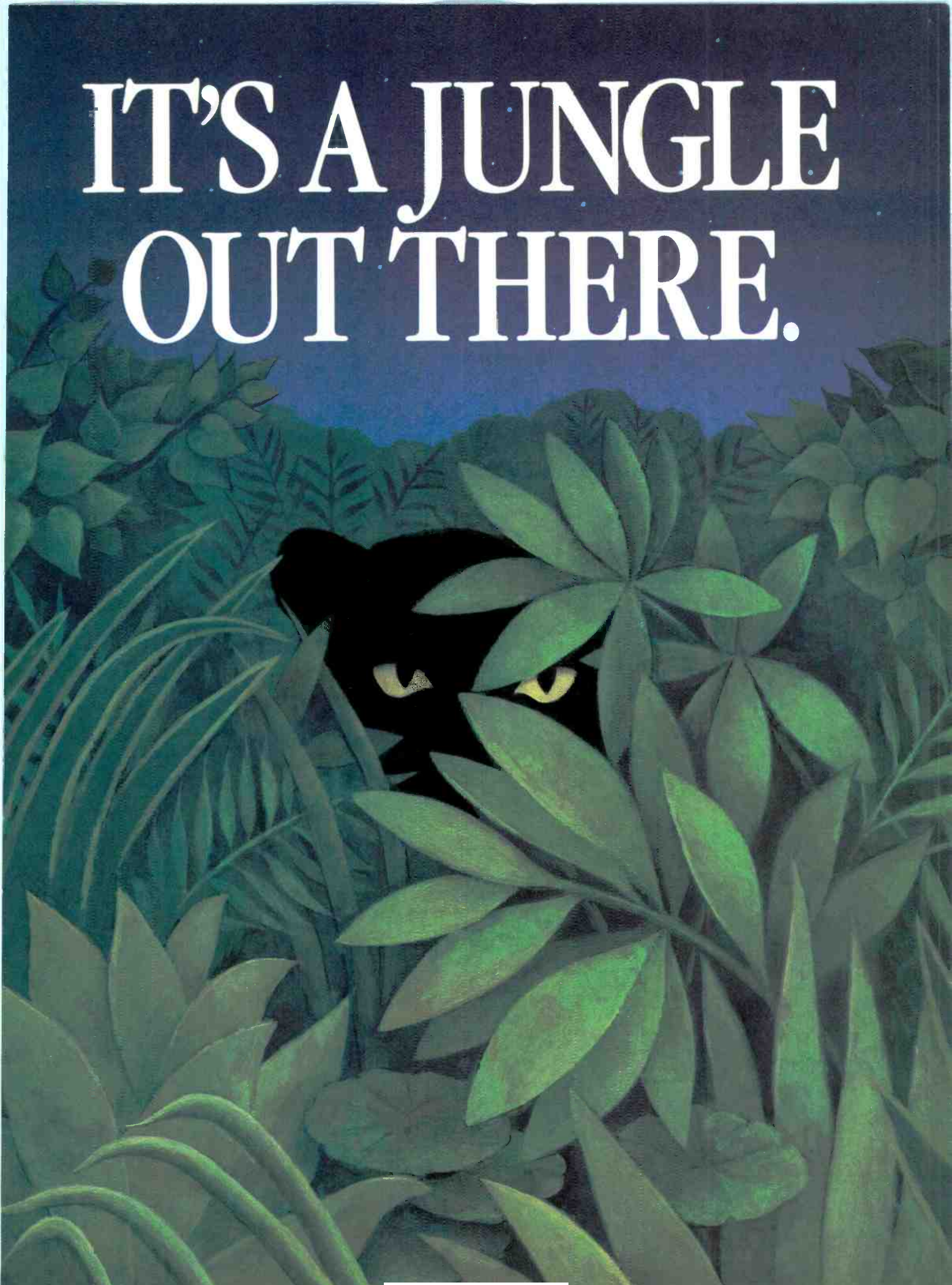
Apr. 5-9: Interregional Program Service's Program Fair. Fairmont Hotel, Dallas. Contact: Bob Davidson, (617) 338-4455.

Apr. 6-7: Paul Kagan seminar: Cable TV Acquisitions. Grand Hyatt Hotel, N.Y. Contact: Genni O'Connor, (408) 624-1536.

Apr. 9-12: National Association of Broadcasters annual convention. Las Vegas Convention Center, Las Vegas. Contact: Andy Peluso, (202) 429-5350.

Apr. 10-12: Cabletelevision Advertising Bureau annual conference. Waldorf-Astoria Hotel, N.Y. Contact: Lloyd Trufelman, (212) 751-7770.

Apr. 10-13: Annual membership meeting of Public Broadcasting Service and National Association of Public Television Stations. Marriott Crystal Gateway, Arlington, Va. (703) 739-5182.


IT'S A JUNGLE OUT THERE.

THE TWILIGHT ZONE

The genius of Rod Serling, ready to fight—and win—in the thickest syndication jungle against the toughest competition. New once-a-week episodes available for Fall '88; and 90 half-hours available Fall '89.

A CBS Broadcast International Production in association with London Films and Atlantis Films. Distributed by MGM/UA Telecommunications, Inc.

GROUP ONE Medical

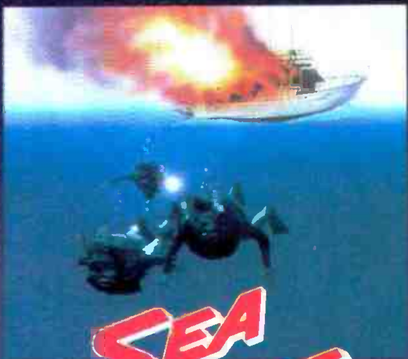
From Van Gordon Sauter, Michael Piller and Dr. Ron Pion, this breakthrough early fringe series takes you into the lives of *real doctors* and *real patients* to share their *real-life drama*. Half-an-hour every day, starting September '88.

Sauter/Piller Productions in association with MGM/UA.

STOP THE MUSIC

From two of America's great producers—Dick Clark and MGM/UA. Great appeal to game show viewers . . . it's upbeat fun, with big payoffs. Five-a-week, available Fall '88.

dick clark productions in association with Lynch/Biller Productions from MGM/UA Telecommunications



SEA HUNT

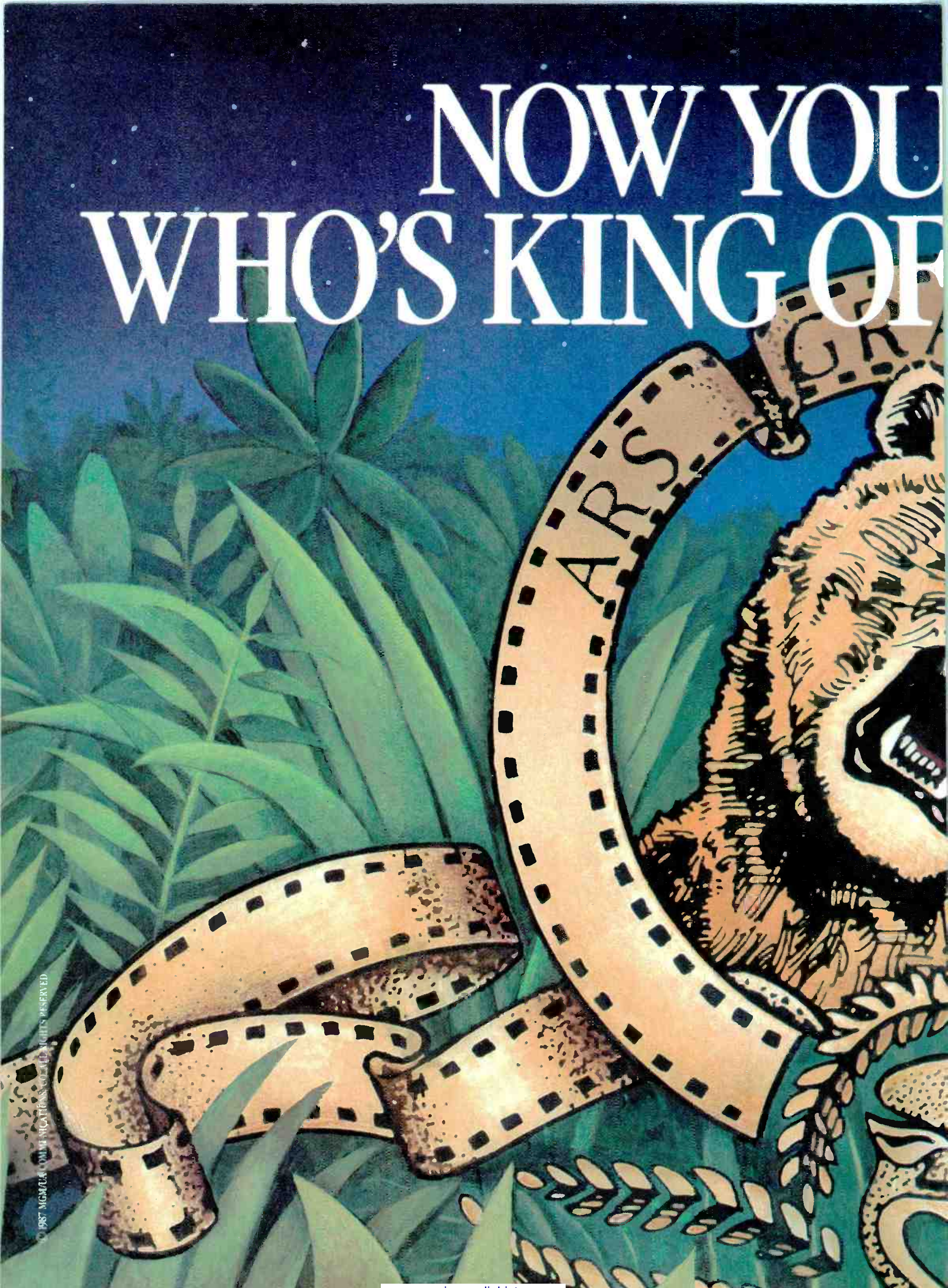
The hunt for men is over! A top performer among men 18-49. Which means you just found one of the most efficient ways to reach men among all the top new once-a-week half-hours.

From MGM/UA Telecommunications.

We Got it Made

We got the beautiful blonde and her two "roommates" in *the* show with the No. 1 audience profile among new first-run comedies.

From MGM/UA Telecommunications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WHO'S KING OF
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GRA
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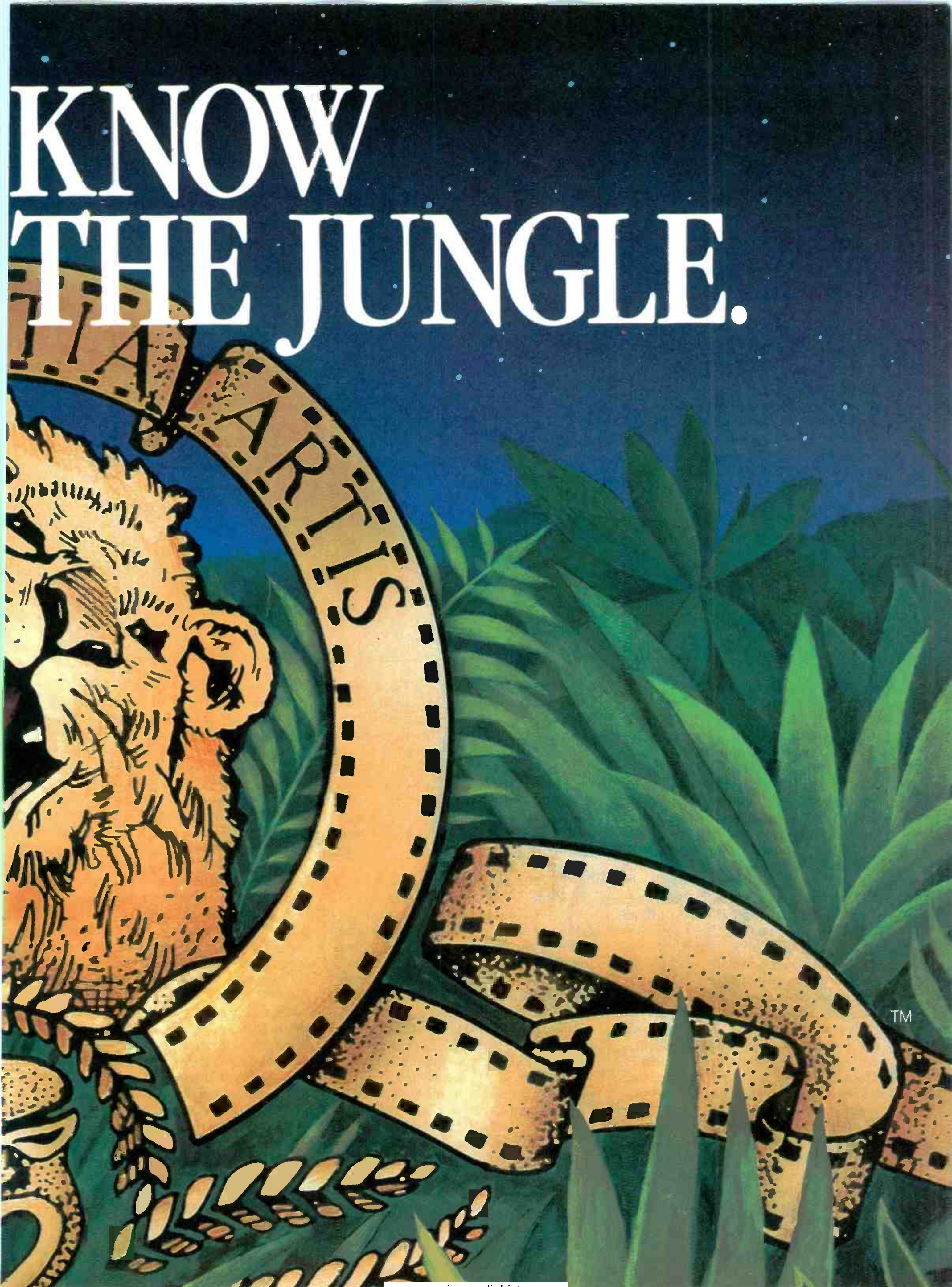
KNOW
THE JUNGLE.
TIA
ARTIS
TM

Saturday Night Feeble

by Steve Behrens

Fox's affiliates can forgive it for Saturday when Sunday's numbers come in.

What greater disgrace could befall a commercial TV station? While *Werewolf* was baring its grisly fangs on Sunday nights during the November sweeps, Fox Broadcasting Company's Philadelphia affiliate, WTAF, drew ratings a full point lower than—this must really hurt—a PBS series, *This Old House*, that shows viewers how to, say, install a sump pump.

Nobody at Fox said building a network would be an overnight job. The network's expansion into weeknight prime time is on hold while it overhauls a troubled Saturday night lineup, but its weekend shows are at least popular enough to discourage affiliate defections (though some stations have temporarily dumped Fox on Saturdays).

For the three-hour Sunday block, Fox's household audience was up 74 percent and its adults 18-49 were up about 120 percent in November, compared to ratings its stations earned for the movies and other fare they were carrying a year earlier. Saturdays, the numbers were down or flat. *Way* down in some markets, where the two-hour Saturday block has been earning half the share the stations got in '86.

Sunday's audience gain brings cause for hope: It's already paying off in the ad rates Fox stations can command. At XETV, the Fox affiliate in San Diego/Tijuana, for instance, ad rates on Sunday evenings have at least doubled since the lineup debuted last April, says general manager Martin Colby. The cost per rating point charged by the station, previously lower than those of the local Big Three affiliates, is now at parity, says Colby, who is also chairman of the Fox affiliates association. Likewise, *The Late Show* and its brief successor, *The Wilton North Report*, were letting stations multiply their rates for late night.

Still, in terms of household ratings, only Fox's top show, *21 Jump Street*, consistently equaled the national numbers of the modestly popular first-run barter show *She's the Sheriff* (both had ratings of about 5.5 early this season), and none approached the level of *Star Trek: The Next Generation* (10.8), much less the prime time average of a Big Three network (13 to 16). Fox's two-hour Saturday block averaged a 2.8 household rating and 5 share (through December 13) and the three-hour Sunday block averaged 4.3/7. Before its cancellation in January, *Wilton North* had sunk below *The Late Show*'s season average of 1.8/5.

CONSIDER THE ALTERNATIVE

Here's how Fox stations did with the network's prime time schedule in last November's sweeps, compared with their own lineups in the same time periods during November 1986.

STATION/CITY	SATURDAY SHARES		SUNDAY SHARES	
	1986	1987	1986	1987
KTTV/Los Angeles	5	7	5	9
WFXT/Boston	6	3	2	5
WTTG/Washington	16	10	10	15
WTXL/Sacramento	10	5	8	9
WCGV/Milwaukee	7	5	4	5
WMKW/Memphis	6	2	2	3
WUHF/Rochester	7	2	3	6
KSAS/Wichita	6	3	2	4

Source: Nielsen Media Research

Where the Fox lineup excels is in its appeal to teens and young adults. Fox carries seven of the ten network shows whose audiences are most weighted with men 18-49, says Andy Fessel, research v.p. at FBC. Among teens, *21 Jump Street* has often been the top show on Sundays at 7 P.M. *The Late Show* in its last months was attracting two thirds more viewers 18-34 than *CBS Late Night* and nearly half as many as Johnny Carson.

Jump Street has continued to gain young viewers, but in other time slots Fox has fumbled attempts to repair its schedule. Two new fall series, *Second Chance* and *Women in Prison*, averaged 2.7/5—worse than two others last season that they replaced. Next month, on the theory that it should have counterprogrammed NBC's comedies, Fox is dumping two light half-hours, *Mr. President* and *The New Adventures of Beans Baxter*, in favor of an action spin-off, *The Dirty Dozen*. And for Sunday, to keep viewers away from the CBS or NBC movies, Fox has floated the idea of extending the network feed to 11 P.M., adding two more hip comedies (one being *It's Garry Shandling's Show*, from Showtime) to surround *The Tracey Ullman Show*.

Fox's national ratings would be at least a half point higher, of course, if Fox stations covered 98 or 99 percent of U.S. homes, as the Big Three do in prime time, instead of FBC's 87 percent. The network still fails to reach many smaller markets—it has just 119 stations while each of the Big Three has some 200.

More important, many of its affiliates are relatively frail. When Fox carried the Emmy ceremonies last fall, it drew only an 8.8/14, compared to the 18.6/29 that ABC got the year before. The big difference was in the weakness of Fox's outlets—many disadvantaged by their newness and/or their UHF frequencies. Fox was using the Emmys, as well as its regular series, to bring viewers' attention to a bunch of weak stations and make them stronger. At this point, that's what Fox is all about. ●

GETTING INTO THE TOP 10 ISN'T NEARLY AS DIFFICULT AS STAYING THERE.

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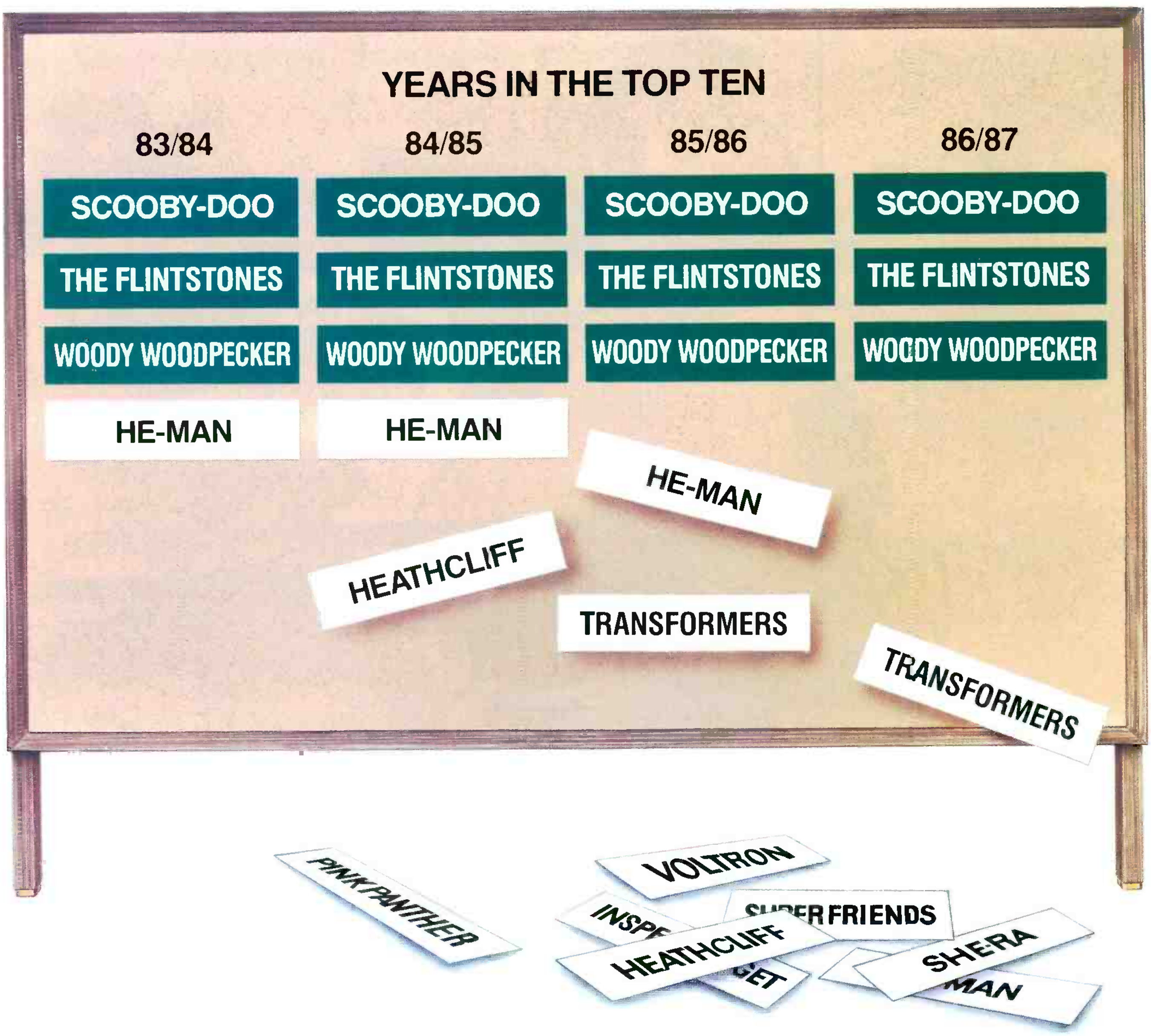

Source: Arbitron SPA. Average of November, February, May, July books.

TO STAY ON TOP YOU NEED PROGRA

Programming that stays in the top 10 year after year. Evergreen programming like *The Flintstones*. With 166 episodes available, it's the cornerstone of every kids' block. Like *Scooby-Doo*, a perennial leader in kids' programming, with 155 fun-filled episodes. Like *The Woody Woodpecker Show*. Walter Lantz's theatrical-grade cartoons have been formatted into 90 half-hour episodes, and have been enhanced with new bridges, new music and effects and a newly animated opening. And like *Dennis the Menace*, a fresh new evergreen that promises to continue as a ratings leader for years to come. In addition to the 65 existing half-hours, 13 new episodes will be available during 1988/89.

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In Search of Marketers

by Peter Ainslie

Before you can find one to aid local sales, it helps to know what you're looking for.

The story was told at the Television Bureau of Advertising's annual shindig last winter of the visitor who dropped by the ad-sales department of a local TV station and, when introduced to one of the salespersons, whose business card read "sales and marketing director," inquired as to the meaning of the word "marketing." "I haven't the slightest idea," was the response. "My company wanted it on my card, but don't ask me what it means."

If marketing is the buzzword of the '80s, then there are a lot of gainfully employed TV professionals, it seems, who don't know a yellowjacket from a housefly. One sales manager, when queried about the meaning of marketing, began describing the special events his station puts on to tie sponsors in with local charities. True enough, perhaps, that such events may be part of an advertisers' overall marketing strategy, but in the not-too-distant past they were known as *promotional* events.

But then, a lot of things have changed since the not-too-distant past, what with deregulation, the indie boom and the growth of cable. Says Sandy Martin, marketing/research and promotion manager for Kansas City's KSHB of the good old days: "We weren't selling. We didn't have sales people; we had order-takers. There was a time when the profit margins and the percentages were double digit every year and everybody was fat and happy. We'd sell from the good-old-boy network. We had clients in our hip pocket. And as long as the cycle went on, everything was fine. But it got interrupted."

That interruption, contends Martin, pointed up the need for a different breed of cat in local sales: the savvy marketer. "What we're trying to do," she says, "and to be a true marketer you must, is to go in and *qualify* the client and the client's needs. He's as confused as we are about this whole mess. Find out what he's trying to do with his products; how much it's costing him to do that; how efficient his programming is; what he's doing in-store, with direct-mail. What can we do to add cream to that?"

"The key in becoming a good marketer," agrees Larry Jopek, general sales manager of Tampa's WFTS, "is developing that sense of empathy for your client." But finding the right person who can handle a client that way isn't easy. Says Jopek: "A lot of salespeople have never worked outside broadcasting or agencies. They've never been out there to get a sense of empathy from people on the other side of the fence—Betty's Dress Shop. They don't understand Betty's problems."

And so, increasingly, sales managers are looking outside of broadcasting for the right mix of sales and marketing savvy. Sometimes the search need go no further than their own back yard. The last two sales hires at KSHB were outsiders who came in to sell products *to* the station. One was a young man two years out of IBM sales school who came to pitch the sales manager on an office copier. "He was knocked off his chair by this kid," says Martin. "He said, 'This guy could sell anything.' " Indeed, he has. "He had the discipline," says Martin. "All he needed was to learn the trade, the jargon and the hardware, which took him all of about a month and a half. And he's incredible. He's one of our main guys."

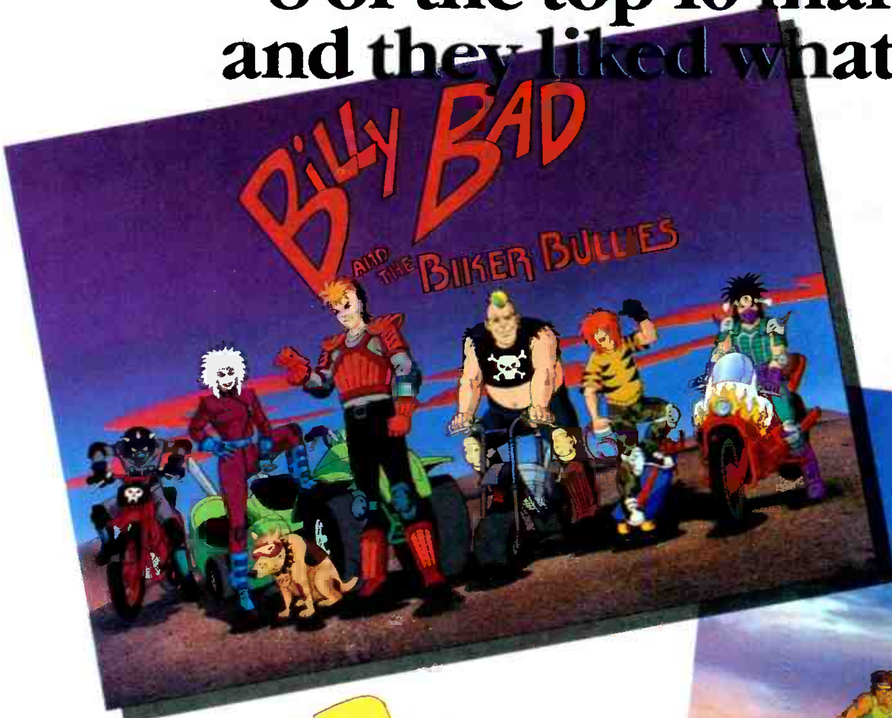
"The kind of people I'm looking for are not going to walk through the door," says Jopek, who sold for Dun & Bradstreet and ran its credit division in Chicago before going into TV. "So I look for people who have the raw material and at least some of the key elements I want: Have they worked in another industry? What's their sense of empathy? Where do they stand psychologically? I have to train people to get what I want. But it's got nothing to do with age. It's a question of mind-set."

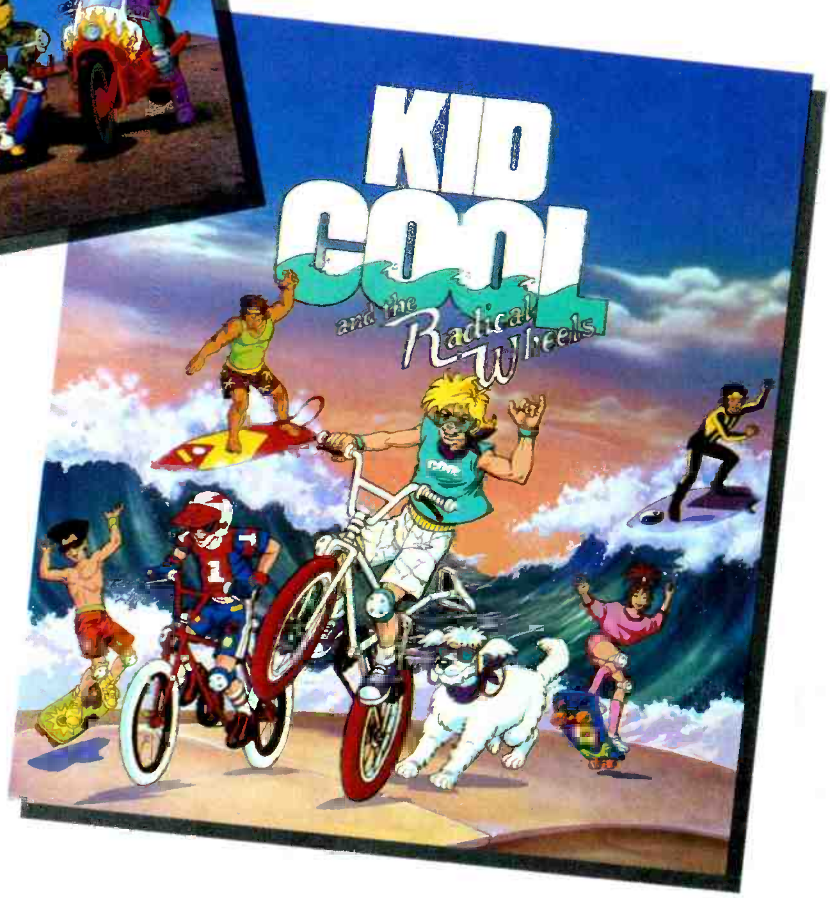
Radio sales people can also translate well. "They're good at marketing," says Martin, who points to three ex-radio people on KSHB's eight-person sales staff. "They're used to 20 or 30 competitors, plus television, plus newspapers. They've also had to work harder with direct accounts. They're used to fighting for the dollar."

In the end, says Jopek, it's up to the sales manager. "It may mean taking a couple of courses at a university or reading a couple of books. People throw out buzzwords and say yes, we've done marketing, but a lot of people aren't totally sure just what that means. We're in the business of marketing, and we're going to have to learn that in order to survive, because that's the way our business is going." ●

Take A Look At Camp California.

8 of the top 10 markets did and they liked what they saw.





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WALL STREET JOURNAL TELEVISION

The Business Side

by Merrill Brown

Wake Up, Network Row

The 1987-88 television season will be remembered as revolutionary for the breathtaking speed with which the programming landscape changed. Alternatives in the form of independents, cable and home video have eroded the network audience with breakneck speed, surprising even those long skeptical of the network future.

Look at the rubble of the 1987-88 network television season—the people-meter ratings pattern and the flow of ideas in television programming—and you reach the unmistakable conclusion that the Big Three seem to be doing almost nothing to slow the erosion of viewers to other alternatives, particularly cable.

The entire flow of television programming and development has changed, seemingly overnight. Programming is now moving from network to cable and from cable to independents and networks at an accelerating pace. And what it all means is that programming services, whether they're over-the-air or cable, will never be programmed the same again. "The equation has fundamentally changed this fall," says Tom Freston, president of MTV Networks.

> 'We can have an idea and have an episode on in two or three months,' says MTV's Tom Freston. 'We're lean and we move faster.'

What's increasingly clear is that the networks are going to have to find new ways to develop programming and structure their schedules. Why shouldn't Tom Murphy go to Paramount, for instance, and give the studio a prime time hour to program as it pleases in exchange for a fee or some advertising minutes? When will a front-running NBC or a trailing ABC or CBS take a hit series and strip it for a week, probably improving ratings in some sagging time slots? When will ever-cheap game shows make their way into network prime time schedules? And when will the Big Three use their talents to come up with formats as innovative as MTV and ESPN? How about an ABC sports night, or a prime time magazine utilizing the ABC/ESPN sports reporting pool?

Listen, again, to MTV's Freston: "The basic and pay programmers are getting stronger at the same time the networks are having to pay increasingly large amounts of money for programs appealing to smaller audiences. That signals an inevitable change in the playing field. They're going to have to move faster and produce more leanly," he says. "They have to rethink the creative process and the infrastructure through which they get programs on the air. We can have an idea and have an episode on at a cost of $12,000 to $14,000 in two or three months at MTV, actually in two to three days. We're lean, have the bulk of our creative process in-house and we move faster. They're going to have to head that way. ESPN puts three or four times more live sports on than anybody, at lower costs than the networks.

The broadcast networks aren't going away even when they get down to a 50 share," Freston adds. "But from where I sit, I don't think things are changing fundamentally yet. They're going to have to."

Freston is right. The networks have practically ceded innovation to cable and syndication. Just review a recent list of the new ideas or innovations in programming: Paramount's *Star Trek: The Next Generation*, Nickelodeon's *Double Dare*, C-SPAN's political coverage, Garry Shandling, Mike Tyson's HBO deal and ESPN's Sunday night football.

That's not to say that on the over-the-air network side *thirtysomething*, *Beauty and the Beast*, *Frank's Place* and *A Year In the Life* aren't special efforts. Do they break new ground? Is anything about how those shows got on the air unique in process or deal structure? Since the launch of such prime time soaps as *Hill Street Blues*, have there been any network breakthroughs?

"It seems clear to me that the cable networks, the free ones in particular, are doing a better job of programming and picking up audience than the networks," agrees media analyst David Londoner of Wertheim Schroder. "The perceived value of cable to subscribers is picking up. The big story in cable is going to be gains in penetration because of the programming.

"One of the networks ought to try something radically new in programming. There's no question but that network viewing will continue to drop. They're positioning themselves on the cost side to live with that decline, and that's the right posture. They still have this huge audience, and they need to protect their share."

Welch/Wright, Murphy/Burke and Tisch/Paley have too much at stake to buy into the old ways of doing business. But none of their institutions are blessed any more with a monopoly on emerging talent, and none are deep. After all, Barry Diller, Michael Eisner, Robert Wussler and others—at one time young talent developed by the networks—have moved on. That's why the aforementioned six are feeling pressure to do something. And soon. ●

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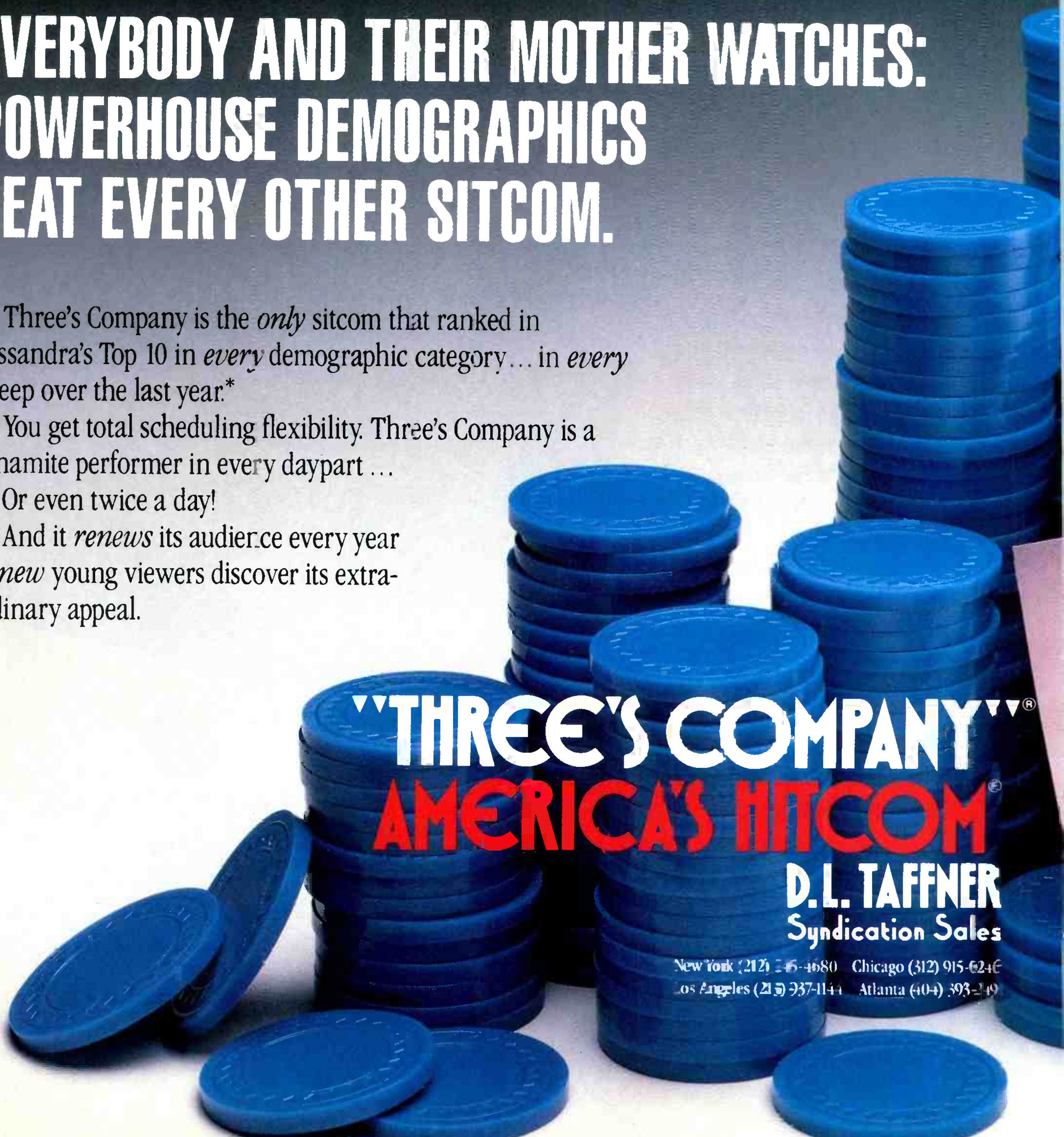

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- ✔ **UP 10%** on KSTW Seattle, M-F at 6:30 PM.
- **UP 125%** on WTTV Indianapolis, M-F at 7 PM.
- **UP 17%** on KRBK Sacramento, M-F at 6 PM.
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What Makes Dennis Run?

The newest FCC chairman is a mystery man to Capitol Hill insiders, who claim they don't know who his 'rabbi' is. Perhaps Dennis Patrick doesn't need one.

by Mark Frankel

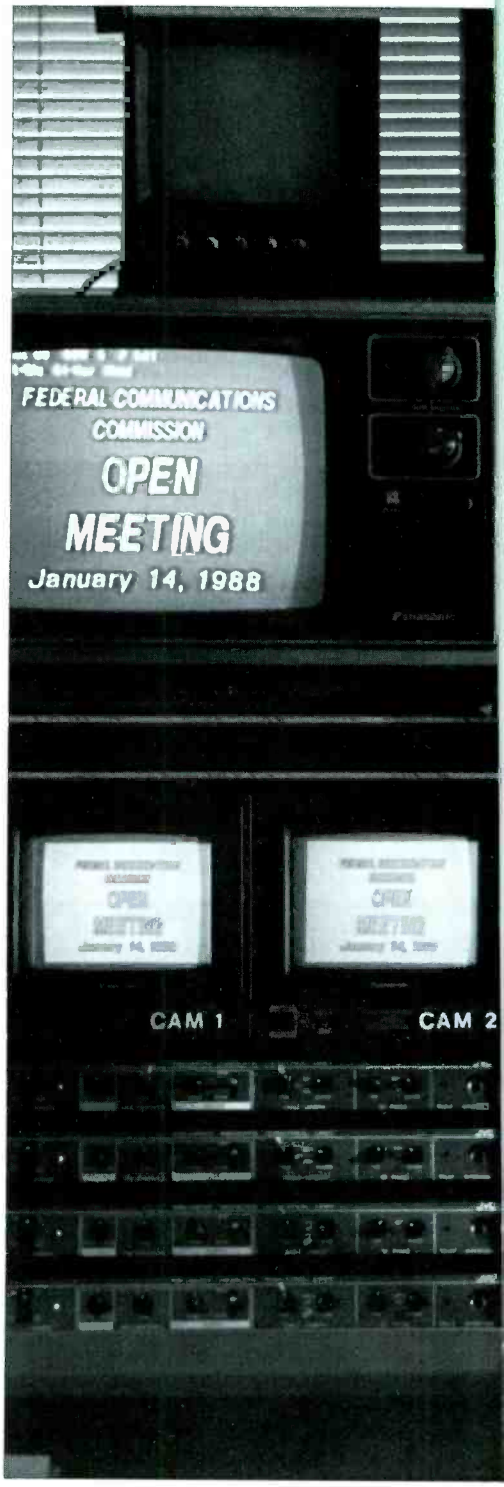
A guest paying his first visit in years to an open meeting of the Federal Communications Commission was struck by the change in the eighth-floor public-hearing room. Gone was the tent-revival atmosphere that prevailed while Mark Fowler sat in the chairman's seat. Gone was Fowler's giddy enthusiasm for his mission of deregulating electronic America. Instead, there was Dennis Patrick's detached, Socratic concern with the intricacies of law. It was the difference between a cheerleader and a technician, the visitor thought.

Patrick has a tough act to follow, and a tough act ahead of him, since he took over the chairmanship of the FCC last April. The boyish, 36-year-old California lawyer inherited the job from the most controversial chief in the agency's history, who presided over six years of turmoil and upheaval in the broadcasting and telecommunications worlds, created in part by deregulation embraced by the Reagan administration. The Fowler legacy continues to hang over the FCC like Marley's ghost. You don't have to search hard in Washington to find someone who'll say Patrick's tenure holds nothing but a rerun of the past few years.

"People were giving him an opportunity to show he wasn't a Fowler clone," says one disappointed congressional source, "but his decision on the Fairness Doctrine [to abolish it] turned that around." Despite conservative credentials stretching back to his college days and his strong advocacy of unfettered markets, Patrick is not a clone of anyone. Introspective and thoughtful, he brings a new style to the commission that goes beyond his fondness for Bruce Springsteen's music. Patrick utters ideas that have not been heard in the chairman's office of late: "If a regulation is necessary to serve the public interest, I will not hesitate to promulgate it," he said during a recent interview in his office. Those aren't mere words: The FCC is currently weighing the revival of rules that prohibit cable operators from freely picking up syndicated programming from distant stations and distributing it in their own market.

Patrick strenuously resists any attempts to peg him or his beliefs. "I have never described myself as an avid deregulator," he says. "To me, the goal is not eliminating regulation; it's promoting the public interest." Deregulation, by and large, is in the public interest, he adds.

While there's no doubt that Patrick shares many conservative ideals with Fowler, which led him to revoke the Fairness Doctrine last year over bitter con-



KAY CHERNUSH

gressional protests, the agency has already begun to display a different face under his leadership. How much Patrick achieves in his new role may be out of his hands. He clearly wants to be more than a caretaker chairman. He brings his own agenda and a legalistic—some say cautious—approach to the issues. His task may be tough, thanks to a hostile, Democrat-controlled Congress that knows the bloom is off the Reagan rose.

Aides and other FCC watchers say Patrick also brings a new approach to the chairman's office. "He doesn't decide [his position] before he thinks," says Tom

Mark Frankel is a Washington-based contributing editor of Channels.

FCC Chairman Dennis Patrick in the commission's communications center in Washington: 'There isn't anybody who wants to see me who can't.'

Herwitz, a former assistant to Fowler. "Frankly, I don't know if my former boss shared this, but I found it a little frustrating . . . There were lots of times when we wanted to push as far as we could. Sometimes that meant we decided on a policy and rationalized it legally afterwards. It's not the way commissioner Patrick operated, and it's not the way chairman Patrick does either."

Nonetheless, four years after he joined the commission, Patrick remains an enigma to many Capitol Hill lobbyists, lawyers and company reps who buzz among themselves that he is "remote" and inaccessible. "I don't think anyone has a grasp of what makes him run," says John Summers, former v.p. of the National Association of Broadcasters. "Fowler was always clear as a bell; you knew where he was coming from on anything . . . That's not the case here."

Critics who warn that Patrick's hold on the chairmanship presages another round of deregulation for broadcasting ignore a simple fact: There's not much more for the deregulators to do. Rules governing programming content are a thing of the past. The Fairness Doctrine is dead, although Congress vows to revive it. Broadcasters are free to scrap their news departments and run commercials 24 hours a day, while broadcast licenses are bought and traded like baseball cards.

"Most of the issues that remain are the tougher issues," concedes Patrick. Some are clearly off limits. Much as they'd like to see it scrapped, the FCC is not about to try again to throw out the Financial Interest and Syndication Rules, which keep the nets out of the production business, after their humiliating White House defeat in 1983.

It's likely that Patrick's efforts will concentrate on fine-tuning the regulatory structure that remains. Many proceedings currently under way at the FCC are Fowler-era leftovers, such as removing limits on cross-ownership of radio and TV outlets and abolishing guidelines favoring license applications from women and minorities.

Patrick has identified a few issues as his own. He's let it be known that the FCC may take another look at comparative renewal, which has long bedeviled broadcasters, if Congress doesn't take some action to reform the process and give incumbent licensees an advantage. Last fall, he shifted his attention to the future of high-definition television, convening an industry committee to suggest technical standards. Perhaps the best insight as to where Patrick will lead the agency is provided by his decision to reopen discussions of syndicated exclusivity, which, before it was revoked in 1981, prohibited cable operators from importing syndicated programming from distant markets if local broadcasters had previously purchased exclusive rights to the same shows. Independents have long lobbied for the return of syndex, charging that

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they are left paying good money for product that cable systems receive for token payment to the Copyright Royalty Tribunal, under the 1976 law called compulsory license.

Why revisit syndex now? With a caveat that he hasn't reached a final decision on the issue, Patrick notes that cable is in a stronger position against independent stations than in 1980. The competitive balance has shifted significantly. Last time around, independent stations had to prove they would be forced out of business if syndex was revoked. That wasn't the right question, Patrick believes. "I'm not sure the proponents of syndex should be required to prove that the entire independent broadcasting community is at risk of going dark as a condition for reimposing those rules," he says.

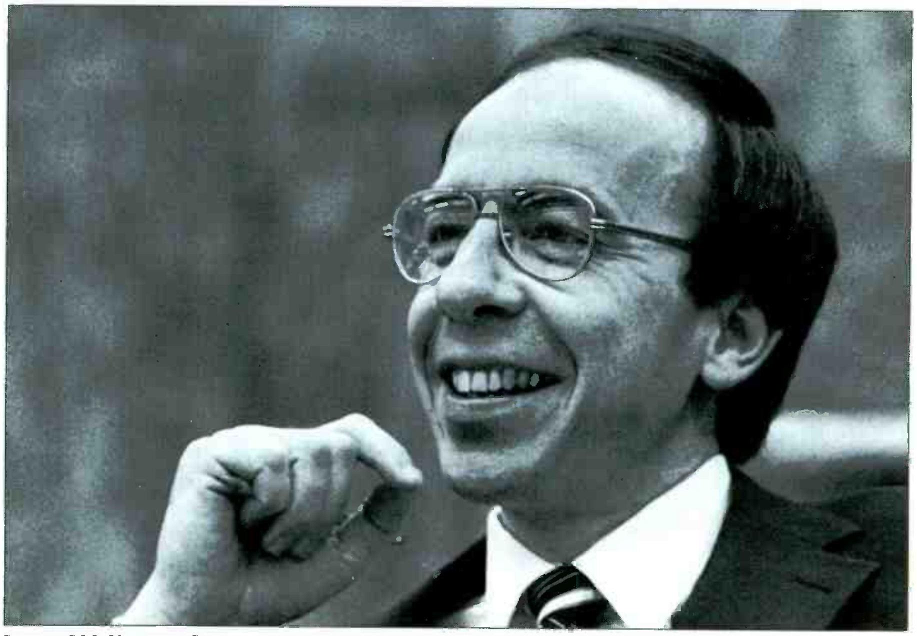
"If, given the existence of the compulsory license, the public interest would be better served, fair competition would be better served, by the ability of the independent broadcaster to say, 'I'm willing to pay a little bit more to get this product on an exclusive basis, because that's the only way I can compete with the networks, which have exclusive product, and cable, which has exclusive product,' then why shouldn't they be allowed to do so?" he asks.

Cable, predictably enough, opposes the initiative. "We obviously disagree on syndex, but [Patrick] isn't in any way rigid in his thinking and the disagreement is civil and mutually respectful," says National Cable Television Association president James Mooney. Sources say Congress is unlikely to take a position on syndex, regarding it strictly as internal FCC policy; politicians don't want to get caught in a fight between cable ops and broadcasters, both powerful local constituencies.

There's no doubt that Patrick advocates more competition and less government oversight in the electronic arena, but he says deregulation cannot be embraced willy-nilly. "If we're serious about relying on competition instead of regulation, then it's important to ask whether the competitive market is functional," Patrick adds. "You can't just blindly say, 'We rely on competition in the marketplace; it will take care of itself.' You've got to carefully define the market and then ask whether or not that market is functioning properly. Because if it's not, it's not a market upon which we can rely in eliminating regulations."

> 'To me,' says Patrick, 'the goal is not eliminating regulation; it's promoting the public interest.'

In the wake of a spate of court reversals of FCC decisions on procedural grounds, Patrick has told staff members to take more care in developing the legal arguments of their briefs. But some complain that Patrick is too cautious, slowing the wheels of government. "We're getting lawyered to death over there," laments one industry source. Adding to the problem, a number of valuable, experienced



Former FCC Chairman Fowler: careless ketchup on Patrick brought a dollop of guacamole over each ear.

staffers, such as former mass media chief James McKinney, have left the commission in the recent past.

Patrick has never been a guy who shoots from the hip, says old law school buddy Peter McBreen, a Los Angeles attorney. Tall and rail thin, with a youthful mien, Patrick is sometimes asked if he received a Jesuit education. He didn't, but it's easy to see why some think so.

"I place a high priority on trying to think things through logically, though obviously reasonable minds can differ," he explains. "It's very important to me to go from step one to step three via step two," a trait honed further at the University of California at Los Angeles law school, and five years practicing litigation for Adams, Duque and Hazeltine, an L.A. firm with connections to the Republican party.

Some political adversaries don't buy the line that Patrick is a careful, reasonable lawyer. Says a congressional source, "Beneath that image, there's a strong ideologue." There are scarcely any stories on the rubber-chicken or cocktail-party circuit about Patrick, who is divorced. He does not mix socially in broadcast circles, though he counts as his friends Herwitz, now a v.p. with Fox Television Stations, and Don West, the managing editor of *Broadcasting* magazine. He guards his privacy and he works hard, sometimes arriving at his office at 6:30 A.M., early even by the capital's workaholic standards. He's made but two changes to the chairman's eighth-floor office since he moved in: He threw out Fowler's blond furniture ("I thought it less than tasteful") and removed the drapes to allow for more sunshine ("kind of a California thing," he says).

Thanks to the lawerly, cautious bearing Patrick has adopted in congressional hearings and FCC meetings, he has acquired an unwavering reputation in some capital circles as a gray bureaucrat, a button-down and pin-striped cog.

But in interviews, Patrick shows a face at odds with his public persona. Once his initial caution drops, he enthusiastically discusses not only his ideas on communications policy, but his tastes in stand-up comedy and rock 'n' roll. Longtime friends mention his quick sense of humor. He's even been known to display an antic side when safely removed from the office.

Once, at a telephone-industry convention in Texas, Patrick and Fowler wound up in a friendly food fight, which ignited when Fowler carelessly brushed Patrick's hand with a ketchup-soaked French fry. "I remember him taking guacamole dip and putting it over each of my ears," recalls a laughing Fowler.

But at heart, Patrick's instincts are conservative, and his roots in the movement go deep. The son of an L.A. police-

man, Patrick joined a handful of students in the campus Young Republicans while attending nearby Occidental College in the early '70s. During law school, he clerked for California Supreme Court Justice William Clark, an old friend of then governor Ronald Reagan.

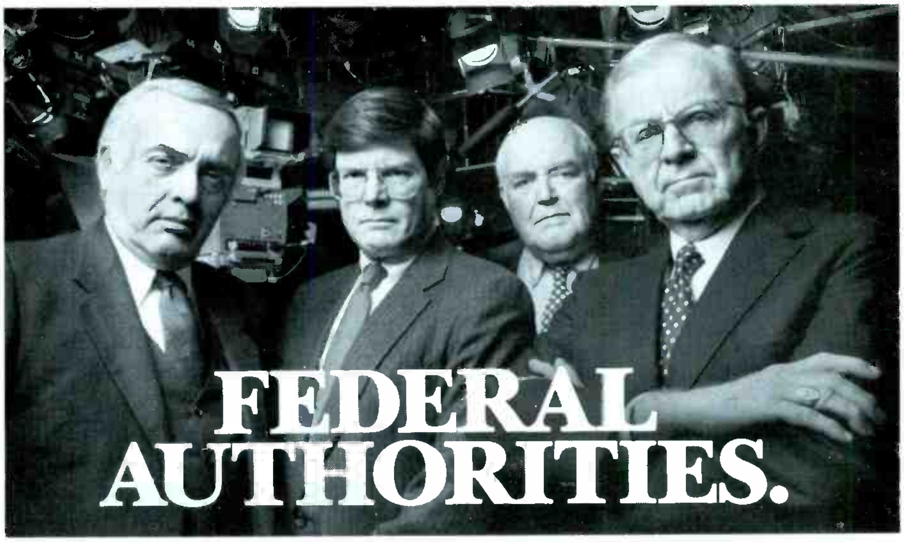
Clark, who has since held a number of high posts in the Reagan administration, opened the door for his former clerk to come to Washington in 1981, recommending Patrick for a post in the White House personnel office. Clark scoffs at the notion that Patrick is a protégé, though a picture of them together hangs prominently outside Patrick's office.

Patrick was nominated by the White House to fill the vacancy on the FCC left by Ann Jones; Fowler himself suggested that Patrick add his own name to the short list of candidates. Broadcasting and telecommunications were a blank to him, but Patrick quickly taught himself the industries' dynamics.

Patrick's Southern California origins have led some observers to assume he favors his hometown constituency and sits in Hollywood's pocket. "The suggestion I'm biased in favor of the production community is simply false," Patrick replies. "If you look at the record, I've been on the opposite side of the issues from Hollywood more than I've been on the same side, many more times." Syndex is one of the rare times he and the studios have agreed; he opposed Hollywood over a narrow reading of the must-carry rules and on the so-called 12-12-12 limits on station ownership. A better question is why Beltway regulars don't have a grasp on Patrick. Unlike many commissioners, who are nominated to the job from the cozy world of communications law, or well scrutinized careers in broadcasting, nominee Patrick was unknown to the capital establishment. "Dennis was almost like the immaculate conception," says Bruce Fein, former agency counsel.

And he remains *tabula rasa* to many observers. "There's no sense among Washington insiders of how to get to Dennis, who his 'rabbi' is," says a knowledgeable Capitol Hill source. "People don't know how to get their hooks in him." The criticism clearly irks Patrick. "There isn't anybody who wants to see me who can't," he says. "To the extent that they're saying, 'We can't always count on Patrick to support broadcasters, versus cable, versus the production community,' my answer is, that's right, and that's good."

"That's not the role of the chairman, to be figured out by industry lobbyists," says Herwitz. Yet the whisperings of "aloofness" won't go away, despite the fact that he testified before congressional committees seven times during his first



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eight months as chairman.

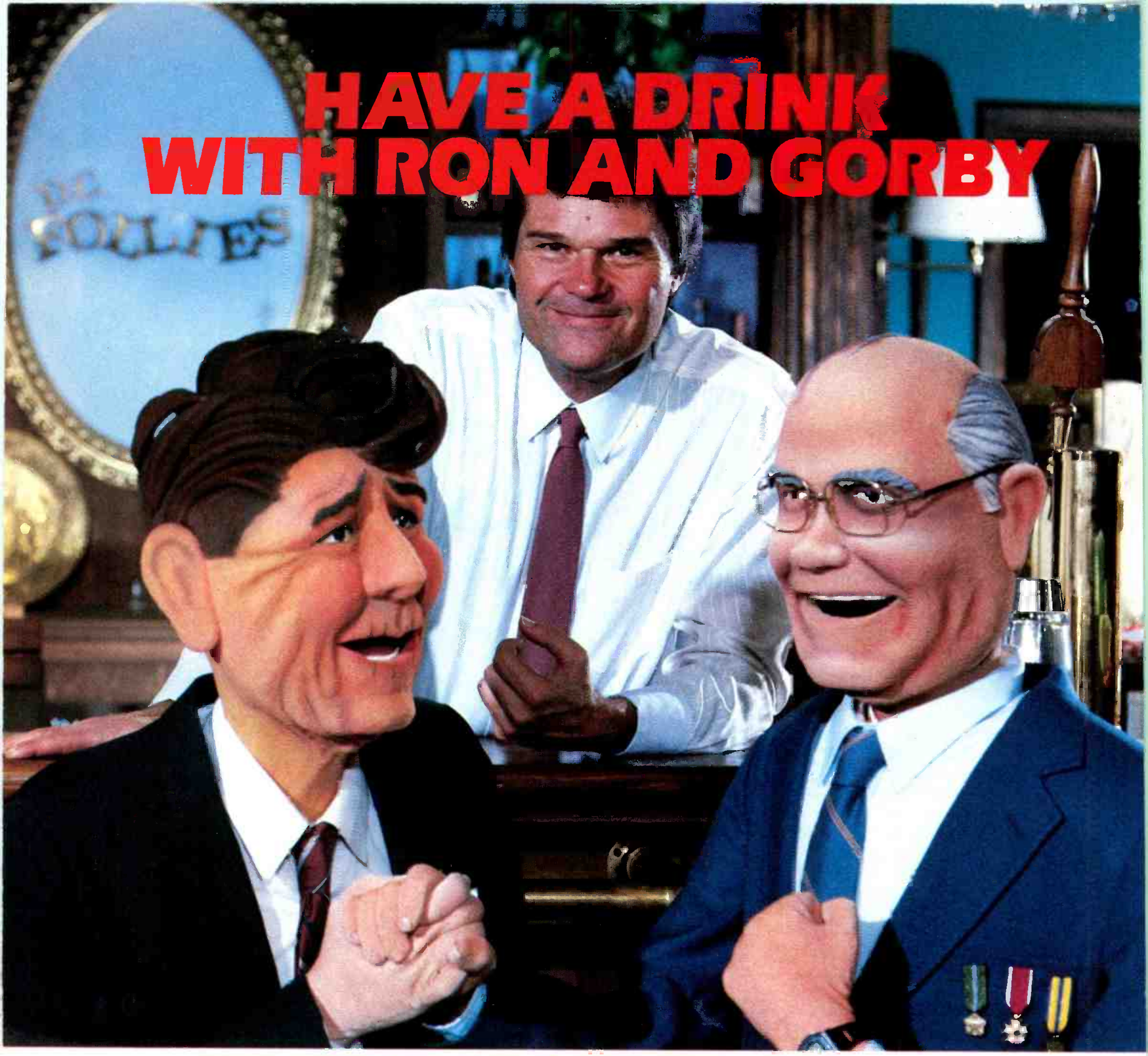
Congress, not his alleged remoteness, is Patrick's biggest problem. He'll have a hard time repairing his ties to Capitol Hill, where many members still smart over last year's battle on the Fairness Doctrine. The Doctrine, which required broadcasters to air all sides of controversial issues, had always been near and dear to the heart of Congress. "How will minority views get on the air unless there's some mechanism to force them to do it?" says a congressional source.

'I'm not sure the proponents of syndex should be required to prove that independent broadcasters are at risk of going dark.'

The Doctrine was always anathema to the Reagan-era FCC; both Fowler and Patrick called for its repeal. Last summer a congressional attempt to write the long-time policy into law was vetoed by Reagan. The stage was set for a showdown between Patrick and the Hill.

Congress had previously ordered the FCC to study alternatives to the Fairness Doctrine before revoking it. In private conversations with the chairman's office, congressional staffers reached an agreement that the commission would issue the report on alternatives before taking any action. The message from the Hill was clear, say sources: Don't move against the Doctrine until Congress gets a chance to study the report. A tenuous detente prevailed. The gentleman's agreement died, however, when Patrick revoked the Doctrine on the same day the eagerly awaited report was finally delivered to the Capitol. And as predicted, an uproar reverberated throughout Congress, which regarded the chairman's behavior as an insult to the legislative body.

"The process became pro forma and 'wham, bam, thank you, ma'am,' " says Rep. Al Swift (D-Wash.), a persistent foe of the Reagan-era FCC. "It was something bad that was badly done . . . The level of trust is gone." Patrick defends his handling of the matter. "I do not believe I could have acted other than the way I did in respect to the Fairness Doctrine," he says. The FCC had awaited congressional action on Fairness codification for two years, and was under pressure from decisions by the U.S. Court of Appeals to con-



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sider challenges to the Doctrine before the agency in the Meredith Broadcasting case. "I believe it was my duty, as head of the agency, to engage the question," he says. "We were ordered to resolve it, and the bottom line is, we did."

Relations with Congress are "clearly strained," Patrick admits, a fact he regrets. In conversations with politicians, he's tried to put the imbroglio behind him and advance to other issues. "The public interest requires there not be a hostile attitude coloring our ability to deal with each other," he says.

Any bridge built between the agency and Capitol Hill these days had better be fireproof. There's no shortage of incendiary rhetoric from Congress, where talk of rapprochement is viewed warily. "Congress will oppose any ideological solutions to what are essentially pragmatic and economic issues," says Rep. Edward J. Markey (D-Mass.), chairman of the House telecommunications subcommittee. "In the absence of cooperation, there will be more significant disagreements that will result in further battles."

Dollars to doughnuts, Congress will try again to revive the Doctrine, despite its failure of nerve last December, when it decided, in considering a stop-gap government funding bill, to strike a provision that would codify the Doctrine. Reagan has maintained all along that he would veto any attempt at revival.

"Washington is a city of professionals; you can make a mistake once and try to work with people in the future, or you can compound your mistake, and not correct it," says a Hill source. "The jury's still out on whether Patrick will learn from his mistakes. There are a lot of people who were burned by the Fairness episode."

What are the odds of Patrick remaining FCC chairman after January 20, 1989? Low. Although Patrick declares he may stay on if a friendly Republican is elected this year, bets are heavy that he's a lame duck. He's cemented no campaign ties with either vice president Bush or Sen. Robert Dole, one of them the likely GOP nominee. If the Democrats retake the White House, his days as chairman are surely numbered.

That gives Patrick a challenge. If he's going to make best use of the time he has, he must convince Washington that he represents a break with the FCC's past. He's conservative, but not an unthinking clone, and holds the promise of retarding the headlong rush to deregulate in favor of a more moderate approach. In the highly politicized atmosphere of the FCC, whether Patrick achieves his goals may depend upon whether he gives other Washington players the chance to get close enough to him to discover that fact for themselves. ●

Inside the House That Henson Built

From TV shows to movies, home video to licensed products, Henson Associates has it all. But can they top the Muppets, and if not, what will carry them into their next era?

by Diana Loevy

Inside the house Jim Henson built, all is elegant and whimsical. A winding staircase takes a visitor up to the cozy offices of Henson and his executives, who work amid favorite Muppet memorabilia in rooms with fireplaces. When they are enthusiastic, some of Henson's people will unconsciously talk like their boss, in a measured voice that breaks at the end of sentences into a Kermit-like phrase such as "Ohhhh, fiine."

Michael Frith, who presides over Henson's art and design department, has a brace of little rooms in this East 69th Street townhouse. The La Belle Epig portrait of Miss Piggy, her porcine leg bent in the famous Toulouse-Lautrec pose, is casually prominent, and classical music emanates from a distant radio. "Jim has a lot of dreams," says Frith in his Henson voice, "and he tells them to the right people."

Out of those dreams have come the characters Kermit, Big Bird, Cookie Monster, Bert and Ernie, and the Muppet's greatest star, Miss Piggy. They have been Peabodied, Emmied and Grammied; they've even appeared on *Nightline*. But more important, they have been adopted by millions around the world who first saw them on television. Like most successful entrepreneurs, Henson has reached the point that his company is an extension of himself, and every project is scrutinized and compared with his phenomenal success with the Muppets.

Diana Loevy is the TV editor of United Feature Syndicate.

The wide-ranging endeavors of Henson Associates (HA)—theatrical films, series and specials produced for network and cable television, publishing, product licensing, home video, records and electronic products as well as arena shows plus a division in London, Henson International, that is active in production, distributes programs and controls merchandising for much of the world—lead many observers to describe Henson as the new Walt Disney.

But Henson Associates is not the Magic Kingdom. Recently, there have been some lean years at the company, owing at least in part to the mediocre reception its last two films, *The Dark Crystal* and *Labyrinth*, have received. Although the company is small—only 140 full-time employees in New York and London—the relentlessly ambitious nature of Henson's visions makes for high overhead, and the challenge to keep the company dynamic is enormous. Henson knows that it must enter a new phase, with a new set of characters and programs, to maintain its edge, artistically and financially.

It will be a difficult, if not impossible, task: Having the Muppets around as a standard for success can be a burden. Henson will always be competing against himself. Perhaps most significantly, the chemistry that existed between Henson and Frank Oz, which formed the heart and soul of the Muppets, is no longer a day-to-day phenomenon. The era has passed when a Miss Piggy can be discovered in a chorus line of pig Muppets and transformed into a star, as she literally was by Oz during the second year of *The Muppet Show*. Today, Oz pursues his own movie deals while Henson pursues his, though Oz is still on the HA board of directors and still meets with Henson to perform *Sesame Street*'s Bert and Ernie as well as Miss Piggy and Kermit. And so, a new era must begin.

At the heart of the company is the same core of executives responsible for HA's past successes: Frith; executive vice president and general consul Harriet Yassky; licensing director Isabel Miller; and Henson's wife, Jane, from whom he is separated, a puppeteer in her own right who, as part owner of the company, presides over the arena shows. Also in this group is the more recently arrived managing director Bob Beitcher.

The master of this universe is Henson, at 51 a soft-spoken and thoughtful leader. But his modest personal style belies a notoriously fierce confidence in his work. Comparisons to Walt Disney embarrass him, though he is unafraid to use the word "wholesome" to describe his work. Wholesomeness made him a multimillionaire. *Variety* reported in 1980 that he had grossed \$40 million from *The Muppet Show*, *The Muppet Movie* and Muppet product merchandising. Today, Henson's life seems almost a polished gem, with five children, a 19th-century townhouse as his world headquarters, beautifully appointed homes in Connecticut and the Hampstead district of London and a craft-filled pied-a-terre in Manhattan. Not incidentally, he has the ability to do the kind of work he loves. "I don't think I'm out to create an empire," says Henson. "I've always tried to stay as small as possible to maintain the quality of the work."

One of the projects for which the company still has high hopes is *Fraggle Rock*. Its four-year, 96-episode run on HBO, as a kind of subterranean *Our Gang* with pro-social messages of working together

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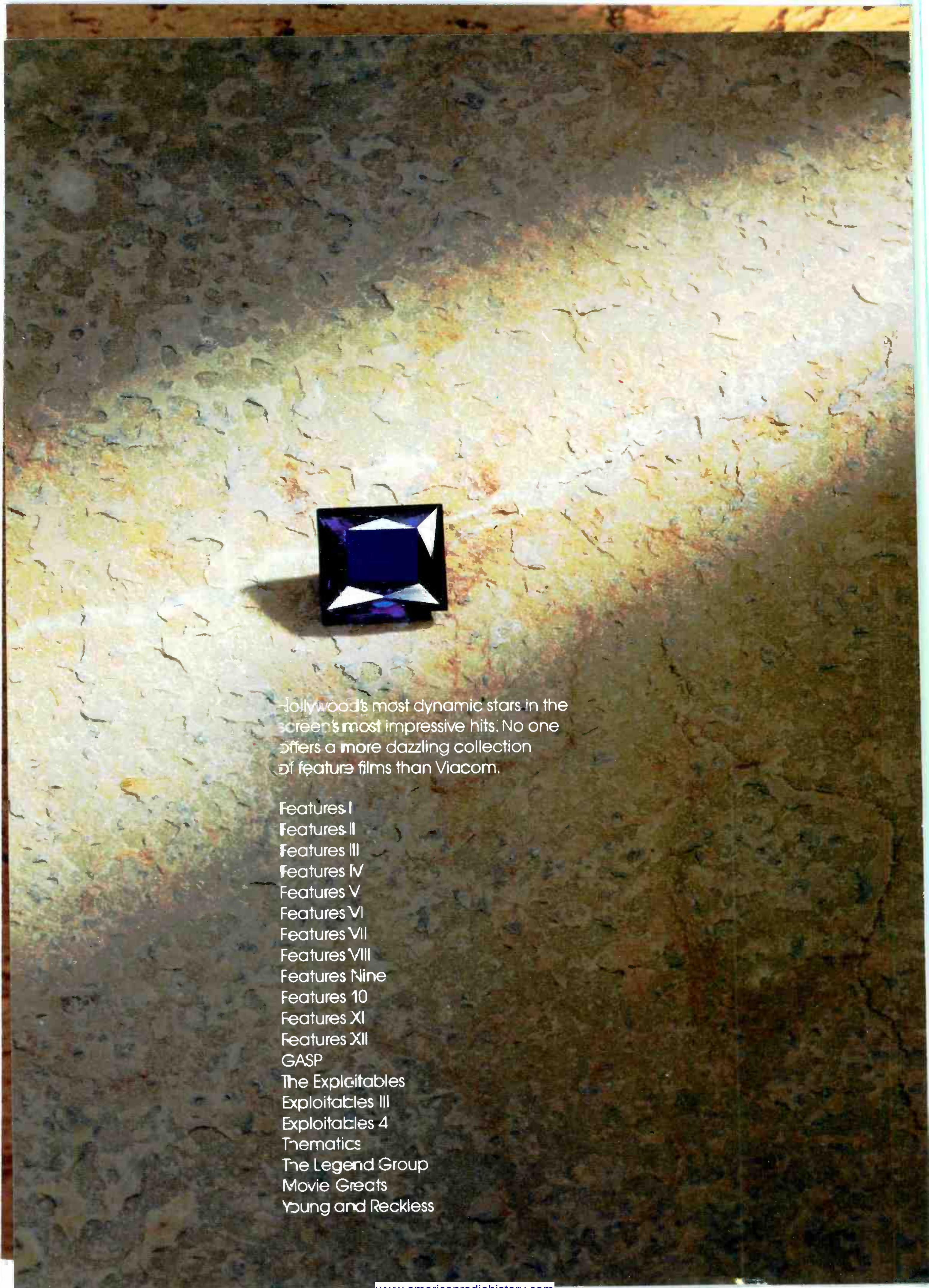
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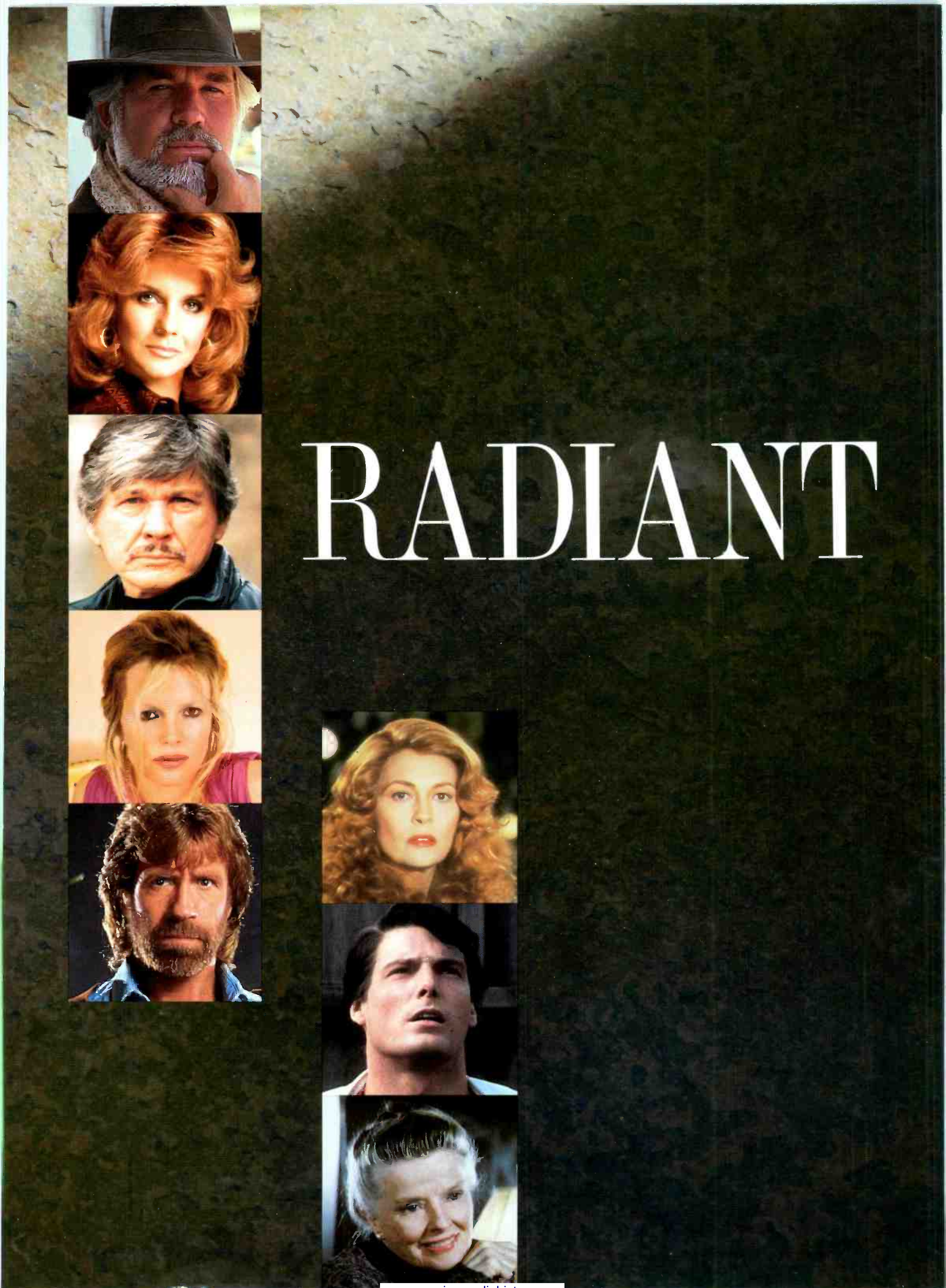
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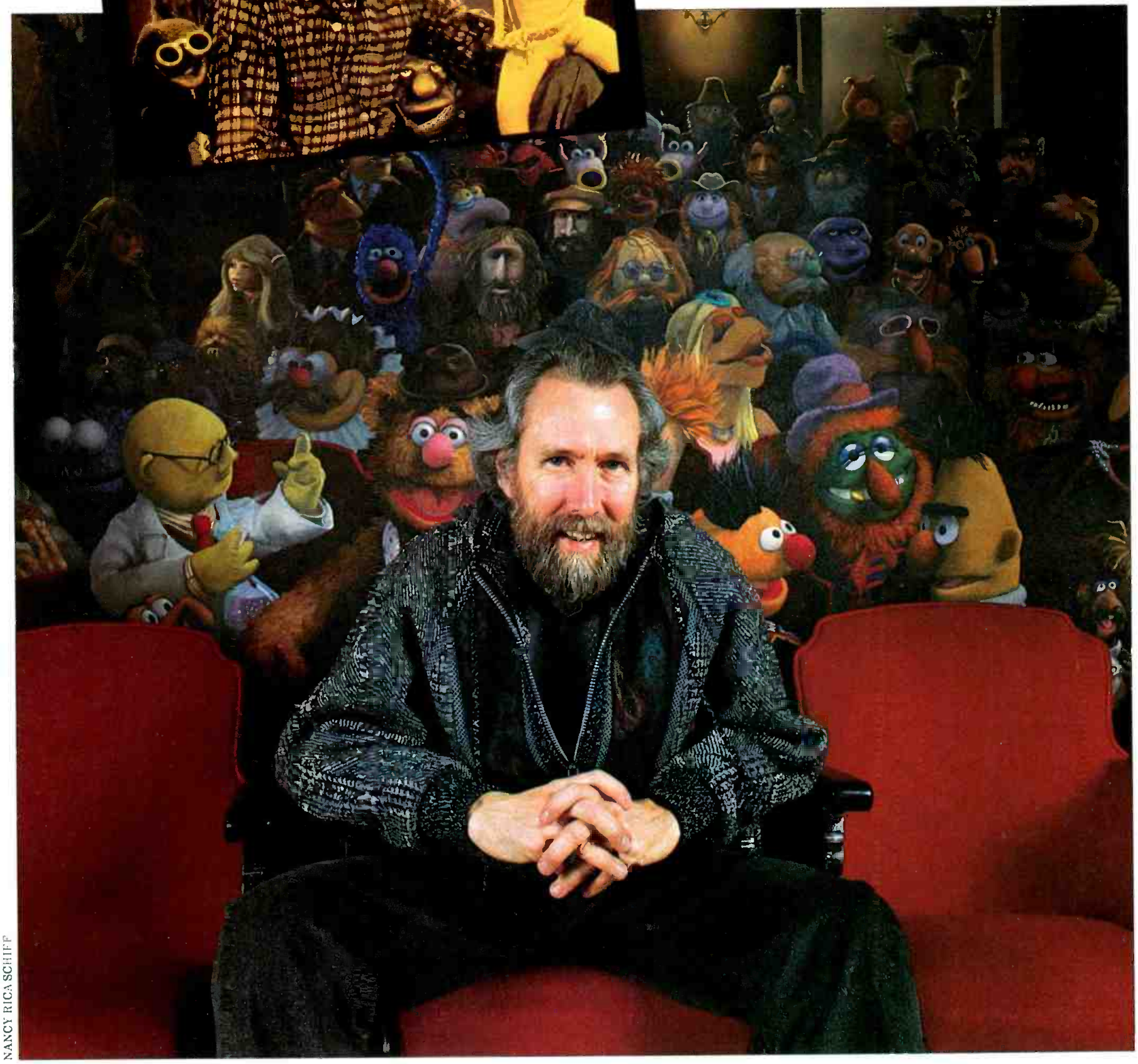

NANCY RICASCHIFF

Yesterday and today: At left, Henson and colleagues with an early Kermit on *Sam & Friends* in 1957. Henson in 1987 (below) with a Muppet mural: 'A combination of Disney, Chaplin, Mae West, W.C. Fields and the Marx Brothers.'

and understanding others, never quite managed to establish the characters' licensing potential. Animated *Fraggle Rock* premiered last fall on NBC and proved to be strong competition for CBS's *Pee-wee's Playhouse*, even beating it some weeks. With the NBC exposure, the Fraggles' licensing future seems clearer, and a bevy of the usual licensed products—dolls, puppets, lunch boxes and watches—is already appearing in stores.

There's also Henson's new R&D project, set up last spring at his New York Muppet workshop to develop new characters, puppetry styles and techniques, including computer-activated Muppets for theatrical features. (See box.) One current focus at the workshop is The Primitives, a group of pre-characters strongly influenced by primitive art. On a workshop table there are a few puppets and more than 300 small sculptured heads, ranging from crocodiles to fanciful African goddesses. The Primitives are finished and waiting to be cast.

Whether any of these will become the next Kermit or Gonzo, or whether the primitive style will set the tone for the work ahead, remains to be seen. Henson's approach to long-term planning is not exactly rigid. "I used to drive some of our business people crazy because I used to say things like, 'By the time summer comes we'll know what the next thing's going to be,' " he says. "We have a long-range plan, but generally I think things have a shape of their own."

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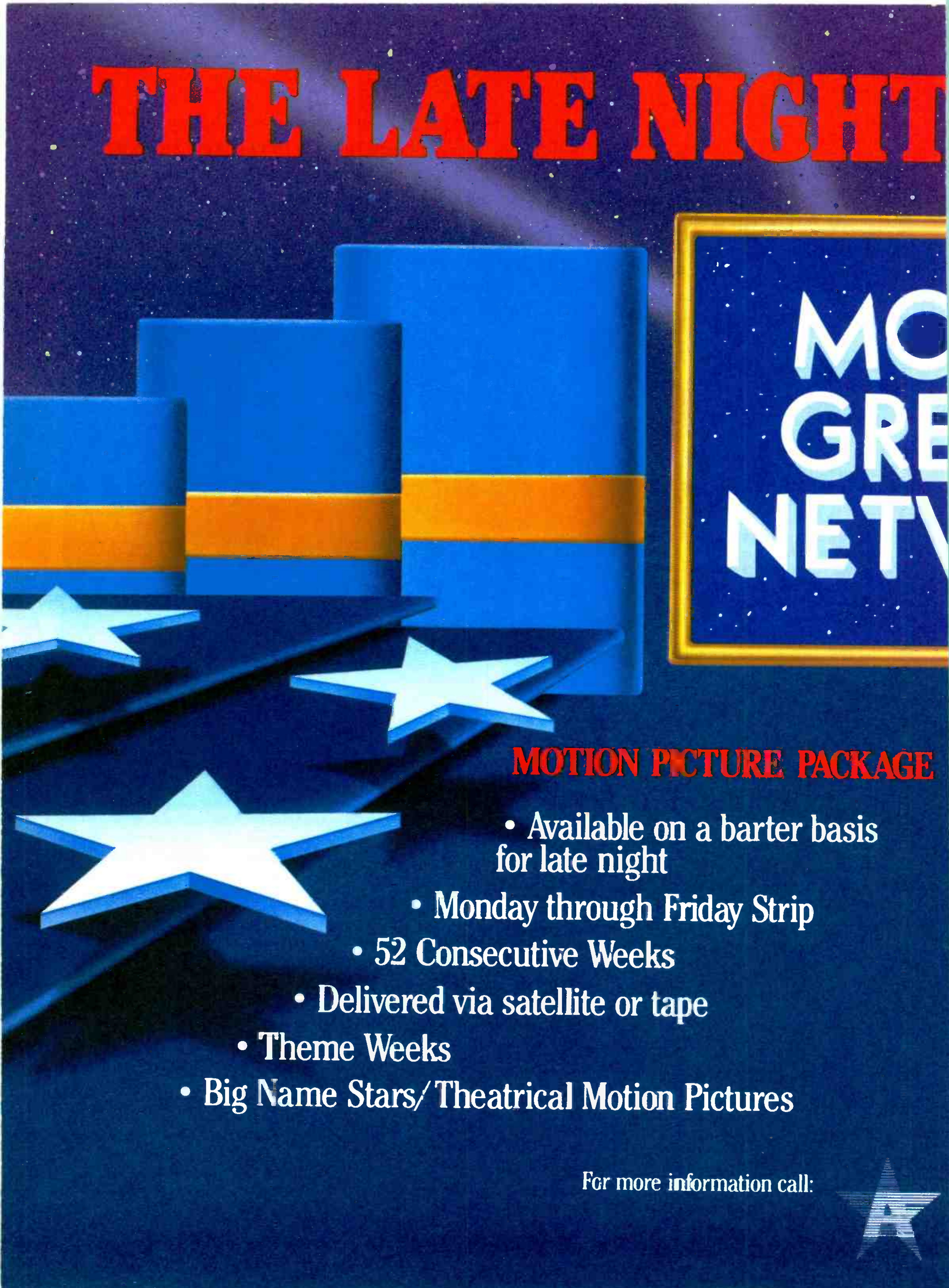
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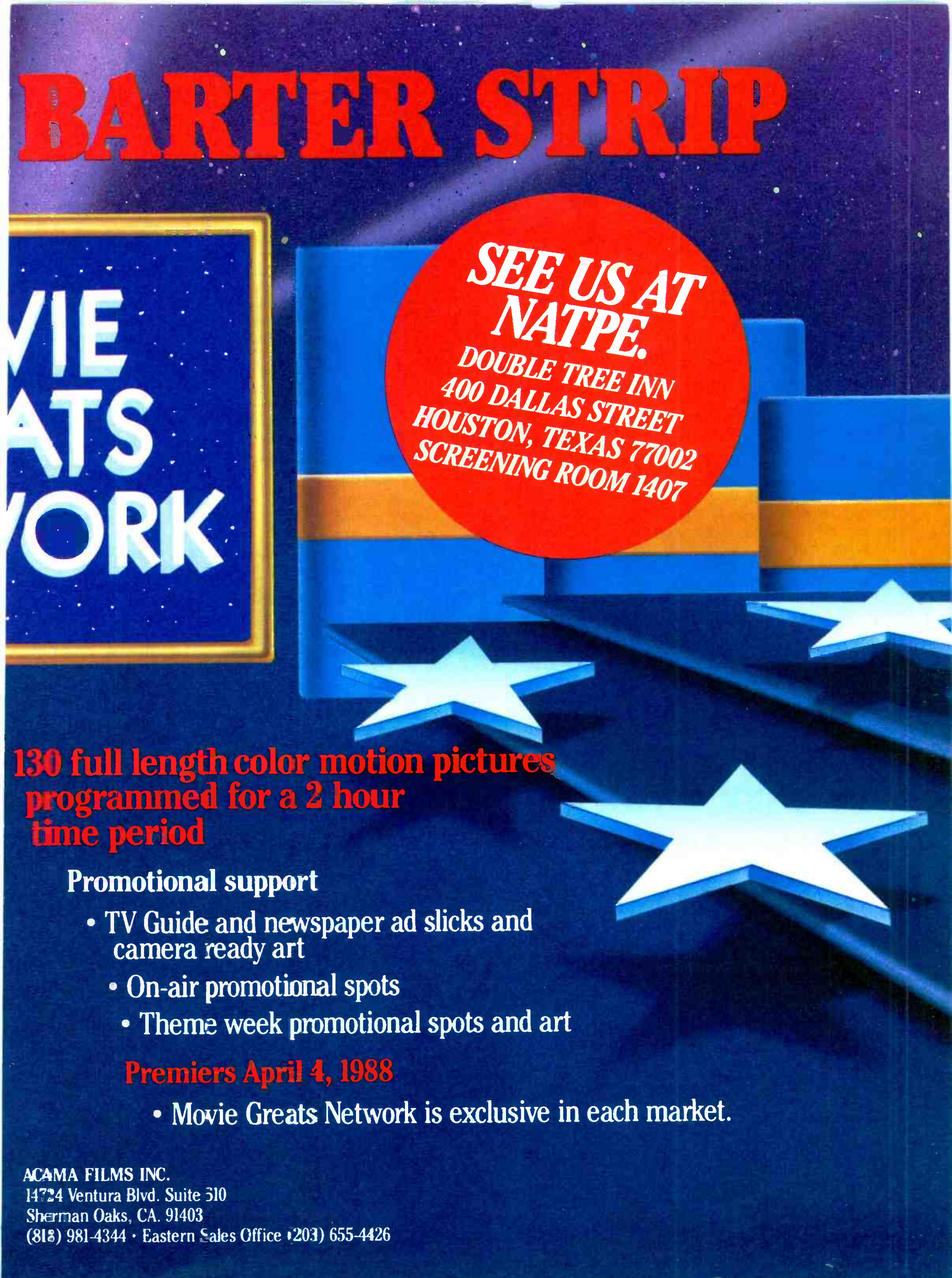
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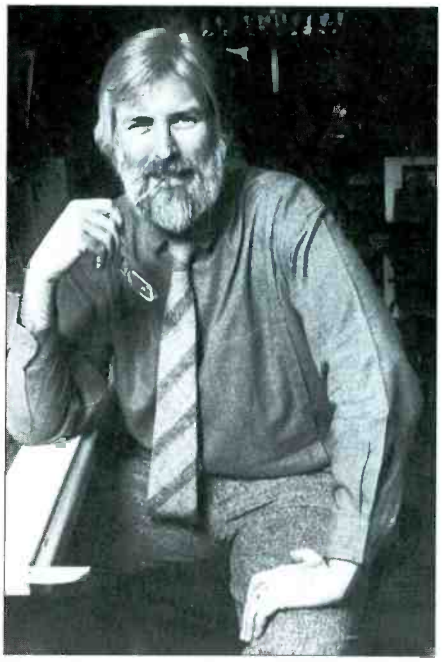
Sesame Street history (not counting books), grossing well over $20 million. Henson and CTW divide that haul. In fact, *Sesame Street* licensing is the most reliable source of income for Henson Associates. Henson saw to this when the idea of including his Muppets on the show was proposed 20 years ago. In the initial contract, he made sure that he retained the rights to all of his characters, and has done so ever since on every deal. The Muppets are leased to *Sesame Street* and the show has exclusive rights to what have become the *Sesame Street* characters: Big Bird, Bert and Ernie and Cookie Monster. Though Kermit appears on *Sesame Street*, he is not exclusive to it.

"I've always said that it's the Muppets that made us viable," says Cooney. So viable that two-thirds of *Sesame Street*'s funding comes from the sale of licensed Muppet products; the rest comes from PBS stations that broadcast the show. Henson's take varies from product to product: It may be a 50-50 split for products that feature a single Muppet character and 70-30 for others. Most splits, though, as in the case of books and records, are 60-40, with CTW getting the larger percentage.

Nevertheless, there hasn't been a hot new Muppet property in years. Hopes for a new bonanza this past Christmas were dashed when World of Wonders, the embattled toy manufacturer, was unable to deliver a sophisticated new line of radio-controlled talking Muppet Babies. Instead, Muppet lovers



Henson's art and design chief Michael Frith.

had to settle for World of Wonder's Little Boppers—plush Baby Miss Piggy and Baby Kermit dolls that move their feet to music.

Though Henson's absorbing preoccupation is to make films, he is known also for his business savvy. So he must walk the line between art and commerce, and his company is divided between these two gods. Thus, most of the staff reports to either Harriet Yassky, on the business side, or Bob Beitcher, on the production side. Though executives proffer the image of a happy and industrious atmosphere where reporting lines are unimportant and there are lots of birthday parties in the mailroom, the project is all-important, and there is intense competition for Henson's attention and for a slot on new projects. The assigning of puppeteers to projects is not unlike casting in other areas of the business, and can cause conflict over who gets assigned to such big-ticket items as network shows and features.

"It's a complicated balance because you're generally dictating a creative style that is not easy for creative people to work under," says Henson, the mediator of last resort for personnel disputes, his least favorite task. "How many people would you say think they are working at their top capacity?" asks Henson before answering. "Almost nobody. Everyone feels they could be used better, or they could be using their time better, or they could accomplish more. It's the nature of the business."

Corporate culture being what it is at HA, there are a lot of meetings. "A memo comes," intones Michael Frith. Henson attends a certain number of them, especially those in which he and his staff brainstorm new ideas. Or when a project is in trouble, as with the early episodes of *The Muppet Show* and *Fraggle Rock*. "We bring everyone around the table for a few hours to talk about it," says Henson. "Shortly after *Fraggle Rock* got started, we realized it's not going to work like this. In both cases we turned around the potential dangers."

Michael Frith recalls another happy

A Frog's Work is Never Done

Kermit has starred in many blockbuster productions, but one role he performs will never appear on TV: as spokesfrog for his boss's small but lucrative division, Muppet Meeting Films. Kermit's ad has appeared in *The Wall Street Journal*, and hundreds of Fortune 500 types have signed up for reels of the two- to four-minute films, designed to provide jolts of levity during endless corporate meetings.

The meeting films began in 1975, when David Lazer, now a vice president at Henson Associates, was at IBM. When word got around about the tailor-made Muppet meeting films IBM was commissioning from Henson, other companies wanted the same. So Henson developed films that could be used at any meeting. Clients, including Exxon, DuPont, General Electric, Merrill Lynch and Chase Manhattan Bank, were delighted. Governmental agencies, church groups and computer companies are also big users.

Although Kermit and other Muppets appear in some of the earlier films, the stars of this series are characters named Leo and Grump. Leo is the gung-ho leader and Grump is the endearing bungler who can't run a slide projector. They inhabit a true Muppet universe where the conventions of the outside world are understood and lampooned at the same time.

In the most popular Muppet meeting film, "Sell, Sell, Sell!" Leo begins a speech praising the audience, the family and America while wholesome images click on behind him. The speech builds as Leo becomes more animated and agitated until he ends it all in almost maniacal exhortation, "Sell! Sell! Sell!" It's a Stan Freberg-like send-up of corporate motivational speeches, and the audiences love it.

Today there are nine reels of Muppet films, with three or four short films per reel. New ones are shot about every 18 months, with Henson playing Leo and Frank Oz playing Grump. Muppets never come cheap and neither do Muppet Meeting Films: They're available for sale on cassette and 16mm ($495 per reel), or rental ($250 per reel for three days). D.L.

ending. "There was a meeting where we were all throwing out ideas, and one of the other art directors and I were sitting doodling, and simultaneously we both drew a picture of Piggy as a baby. As we talked about it Jim got quite excited. At the time we were beginning production on *The Muppets Take Manhattan*. Frank Oz got to talking about it and the next thing we knew, there they were, up on the great silver screen."

Henson is also keen on "picture-book specials," an ongoing series of TV specials accompanied by children's books, each with a different illustrator. Its success, so far, has been limited. Last season ABC aired one called *The Christmas Toys*, but in 1987 Henson's Christmas ideas went into a holiday episode of *The Storyteller* for NBC, so ABC bought a new Muppet special in which all the Muppets and Fraggles have a reunion. HBO bought *The Tale of the Bunny Picnic*, which drew a very young, and therefore, narrow, audience.

But HBO is considering more, and Henson has ten specials in development that he would like to place, including a Valentine's Day program called *Puppy Love*, starring Muppet dogs, and a special called *The Lizards* for the summer. These will eventually be turned into a series of videocassettes distributed by HA. And the books, published by Henson's publishing division with Scholastic, will further the publishing aspirations of the company. A new home-video series for kids stars the Muppets in a variety of how-to settings. The four-video series, which is designed for different age groups, will be distributed by Lorimar Home Video.

Henson's longtime presence in international television is only likely to grow in the coming years. HA's New York headquarters serves as a base of operations for the U.S., Canada, South America and Australia, while the London operation, Henson International, distributes programs and controls merchandising for the rest of the world. There *are* children in the world who have never heard of the Muppets, in China, Africa, India and the Soviet Union, and Henson is excited about reaching audiences in those countries. One project in development, *Muppet Voyager*, could serve as a vehicle for reaching some of them: It would shoot in a different country every week.

Meanwhile, the Muppet master shuttles between New York and London, with stops around the world for vacation travel. Some years Henson stations himself in New York, some years in London, depending on the project. His Muppets are already known throughout much of the world, but to Jim Henson it's only a beginning. ●

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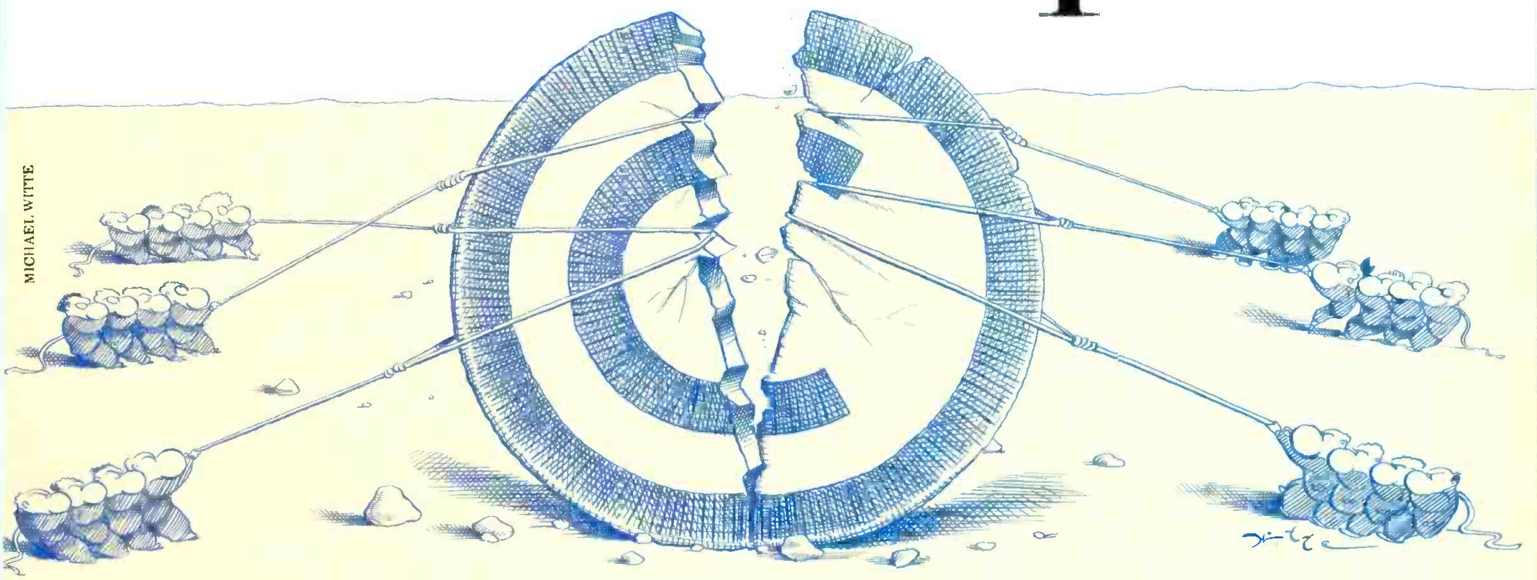


MICHAEL WITTE

Who owns a TV program? Who can use it? How much do they pay? All are questions that technological advance has tossed into the arena of compromise, inconsistency and politics. The biggest special interest of all—Joe Consumer—has begun to awaken, and, as the television world goes digital, the free-for-all is only beginning.

by David Bollier

Scholars celebrating the enduring strength of the U.S. Constitution over 201 years might want to pause a moment—and wince—when they come across Article I, Section 8, the clause governing copyright protection. Cable, home video, backyard dishes and other electronic technologies are battering the legal structure built on that foundation, transforming copyright law into a baroque monstrosity.

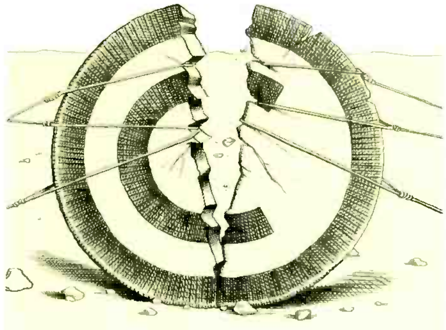
With rights worth hundreds of millions of dollars hanging in the balance, competing media industries—and now media consumers, too—keep Congress, federal agencies and the courts under nearly continuous siege. Who's got copyright protection? Under what terms? And how secure is it against political encroachment? Winners can waltz away with a greater bounty than they could earn with a hot new program or marketing scheme. Under a 1976 compromise, for instance, cable operators won a compulsory license that lets them buy rights to programs for far less than market value. (See box.) And once a medium gains copyright access to a given spigot of revenues, the access is *guaranteed* by federal law. No wonder that the uninviting deserts of copyright law may be the media's most important competitive playing field of the '80s.

As conceived by the Founding Fathers and set forth in the Constitution, copyright law was decentralized and elegantly simple to administer, according to legal historians. It was meant to be a private right of ownership that owners themselves enforced by going to court—without constantly involving the leaders of government. Over the past decade, however, copyright law has mutated into a political contest in which government declares winners and losers, or, more often, invents compromises.

As Congress introduces new quirks into a body of law that was once remarkably stable and coherent, a handful of legal scholars are beginning to ask whether the law can still function as a consistent system. In short: Is copyright law cracking up?

Contributing editor David Bollier's last report in Channels *was an update on Spanish-language TV.*

It's been hard for government to say no to the new media technologies—cable, VCRs, home satellite dishes, digital audio tape—as they've come on the scene. Each promises to add media diversity and create new multimillion-dollar markets—*if* the government will grant favorable copyright treatment. It is a setup for a political free-for-all, a spectacle that Duke law professor David Lange likens to "a large family in which a lot of greedy children are constantly coming to their parents asking for something new."



The child with the sharpest lawyer or best-connected lobbyist often advances his case by persuading the key committee chairman to hold hearings, by urging a key amendment into a bill or dredging up an opponent's damaging testimony from a forgotten hearing years ago. Virtually every faction exploits Washington's notorious revolving door, in which former top government decision-makers and their staffers sell their expertise and connections to the private sector.

There are the giants, such as communications attorney and former FCC chairman Charles Ferris, who lobbies for VCR makers (and others in the Home Recording Rights Coalition), and the ubiquitous Jack Valenti, famed for his apprenticeship at LBJ's White House, who now serves as Mr. Hollywood-on-the-Potomac for the Motion Picture Association of America. And there are such Washington-staffers-turned-advocates as Bruce Lehman, former chief counsel of the House copyright subcommittee. He now leads broadcasters' fight for the freedom to buy music rights for specific compositions rather than paying a blanket license fee to ASCAP and BMI for entire catalogues of music. The demand for expertise makes it hard to find any so-called "copyright virgins"—operatives who know the back alleys of copyright law and aren't already working for one faction or another.

Each new video medium asks for favorable treatment so it can grow: the perfect setup for a never-ending free-for-all in the halls of government.

No matter how sharp their lobbyists, however, some industries are disadvantaged by their own success: The movie and record industries, known to politicians and the public for their wealth and high living, have had a hard time pleading poverty to gain congressional sympathy and win stronger copyright protection.

The lobbying becomes even harder when media interests clash head-on, as they often do, with raw peoplepower. "I've never seen so many beer bellies, baseball caps and tattoos," said a veteran of Washington's copyright wars after attending a hearing on satellite-dish access to scrambled programming. A few months later, bills to promote open competition in programming for the dish market had picked up momentum in Congress.

In earlier days, the contestants fighting out a copyright dispute would have been producers, makers of piano rolls, publishers, playwrights and other media professionals. But now—as copyright law comes up against the backyard dish or the VCR—Joe Consumer is an increasingly vocal participant. Consumers are being drawn into the fray as the focus of copyright law shifts to electronic media inherently different from the print media that gave rise to copyright nearly 300 years ago.

In print media—especially with books and lengthy works—wholesale copying, even with a photocopier, is relatively difficult and expensive. But in electronic media, copyrighted works can be transmitted or copied cheaply and almost instantly and diverted for use in millions of homes and businesses without the copyright holder's knowledge or approval. "The copyright system that grew out of the printing press placed the printer/publisher at the center of the known technological universe," says Robert Kost, a former legal analyst at the Office of Technology Assessment (OTA), a federal think tank that reports to Congress. "Computers and telecommunications are creating a user-centered universe that copyright has yet to come to terms with."

Applying laws from the print era to the profusion of electronic media can cause legalistic muddles of mammoth proportions. "This case calls not for the judgment of Solomon but for the dexterity of Houdini," complained Supreme Court Justice Abe Fortas in 1968, when the new question of cable retransmission of broadcast signals first came before the Court. Trying to govern a 1960s technology with a 1909 copyright law, Fortas despaired that "applying the normal jurisprudential tools—the words of the Act, legislative history and precedent—to the facts of this case is like trying to repair a television set with a mallet."

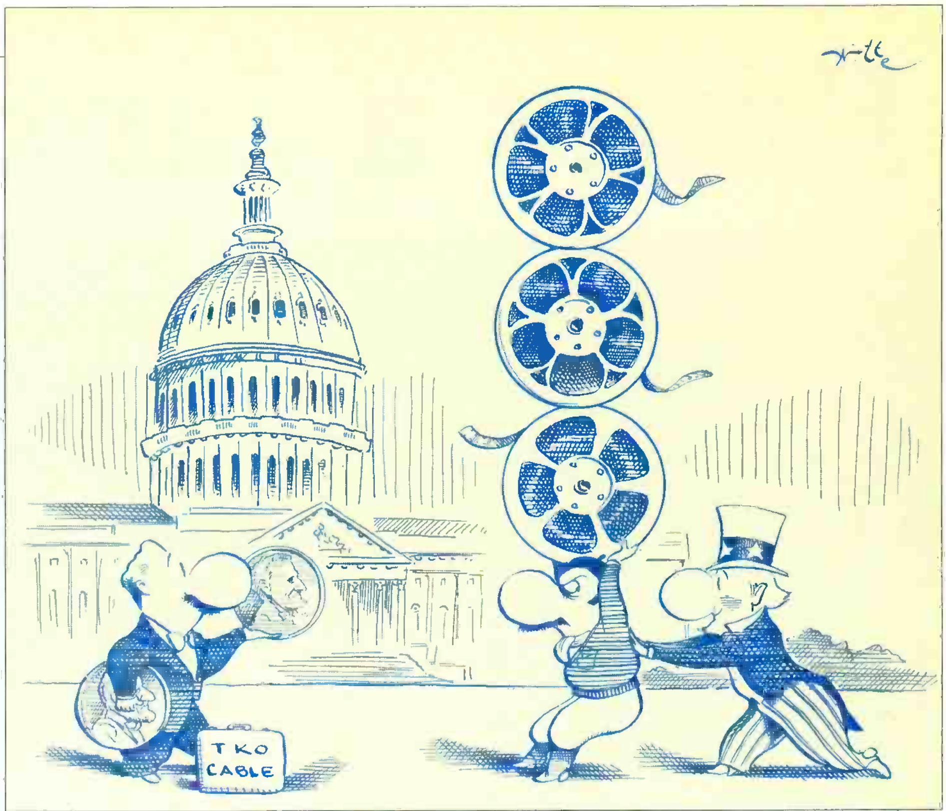
In a valiant attempt to restore coherence to copyright law 12 years ago, Congress enacted the first comprehensive revision of the nation's copyright law since 1909. This time Congress wanted to make copyright law "technology neutral" so that works created or transmitted using some new, unforeseen invention would be automatically protected. The Senate copyright subcommittee was so confident that the new bill would succeed that it actually disbanded itself.

More than a decade after passage, however, the 1976 law has not fulfilled that key objective. Litigation has continued apace, and in the past decade members of Congress have introduced more than 420 separate amendments to the 1976 Act, proposing such custom-crafted fixes as new compulsory licenses, mandatory anti-copying technologies, royalty taxes and complex regulatory schemes.

"Once a relatively slow and ponderous process, technological change is now outpacing the legal structure that governs the system," says a cautionary 1986 report by OTA. Linda Garcia, project director for the report, predicts technological change will "force Congress to redesign the copyright system over the next ten years." What should replace it? That's the problem, says legal analyst Robert Kost: "No one knows what to do." Or as another copyright scholar puts it. "We're in the great theory-gap of the 1980s."

What makes the copyright controversies of the 1980s so intractable is a peculiarity of patents, copyrights and other intellectual property: Ownership is not self-evident. "The problem," says Judge Stephen Breyer, a copyright scholar who now sits on the U.S. Court of Appeals in Boston, "is that intellectual property is *not* like some piece of personal

Should Cable Lose Its License?



MICHAEL WITTE

Feed me!" demanded the bloodthirsty houseplant in the movie *Little Shop of Horrors*. For broadcasters and studios, the story is something of a parable for cable's rude entry into the television business. Too late, they wish cable had been denied a rich source of raw meat: broadcast programming, acquired cheaply by way of a compulsory license. But now that cable has grown into a formidable force in entertainment, its rivals for power say cable's had enough dietary supplements.

Last year the FCC launched an inquiry into the question of repealing cable's compulsory license. The commission's report, purely advisory, may embolden Congress to revisit an issue it thought it had settled in 1976. It created the license to nurture the fledgling cable medium at minor cost to copyright holders, while giving the public more viewing choices. Ten years later, cable has become an $11 billion industry that competes directly with broadcasting and increasingly can afford to produce its own programs. Should Congress let cable keep the license?

Certainly not, says Jack Valenti, president of the Motion Picture Association of America (MPAA): "Today, a cable system pays *twice* as much for the postage stamps it uses to mail out subscriber invoices as it pays for *all* its distant-signal program importation." FCC chairman Dennis Patrick agrees: "Cable should declare itself of age and call for the phaseout of the compulsory license. . . . No matter what the intent, the compulsory license gave cable a programming subsidy; cable got guaranteed access to programming, at a low rate."

House copyright subcommittee chairman Robert Kastenmeier is more skeptical about repeal. "If you try to argue that cable has outgrown the compulsory license [because of its economic growth]," he says, "that wasn't part of the bargain in 1976." That bargain gave cable legal access to distant broadcast signals in return for paying programmers a fee set by the Copyright Royalty Tribunal. Total royalties run about $100 million a year, of which more than two thirds is distributed to producers by MPAA. By some estimates, these royalties are a fraction of the sum copyright owners would demand if they could set prices.

For a time in 1985 and '86, NCTA and MPAA negotiated privately to resolve the controversy. But talks broke down two years ago after MPAA demanded and NCTA rejected setting a date to terminate the license. Attempts last year to revive the talks also failed.

One reason cable and its detractors have trouble coming to terms is that the compulsory license was part of a larger pact negotiated in 1972 by industry groups to clear away opposition to the '76 Copyright Act. Before they would acquiesce to the compulsory license, broadcasters insisted that the FCC maintain its rules guaranteeing their exclusive local rights to syndicated programs they buy—syndicated exclusivity—and limiting the number of distant signals cable could import.

In 1980, however, in an early surge of deregulation, the FCC rescinded both of the rules, clearing the way for superstations to be beamed to cable systems everywhere. Broadcasters found local systems importing some of the same syndicated programs for which they had paid dearly. Now, with chairman Patrick's backing, the FCC seems headed for a reimposition of the syndex rules this year.

Compulsory license is also linked with another controversial regulation, the FCC's must-carry rules. Broadcasters complain that they not only have to put up with the compulsory license, without syndex protection, but also, thanks to federal courts, have lost the must-carry rules that guaranteed local stations' carriage on local cable systems. If cable and broadcasting are now "competitive video systems," as the FCC contended in its must-carry findings, why should cable keep the compulsory license? Is cable a full-fledged competitor or isn't it?

The casual observer may be struck by some rhetorical inconsistencies. Cable jealously guards its program exclusivity by scrambling its signals but opposes exclusivity for broadcasters. Broadcasters demand government intervention in the form of must-carry rules but object to intervention that gives cable the compulsory license. The movie industry accuses cable of anti-competitive activity despite the studios' own oligopolistic tendencies.

Ah, but who's being inconsistent? As George Halas, the late Chicago Bears football coach, once said in defense of his tactics, "All I want is my fair advantage." D.B.

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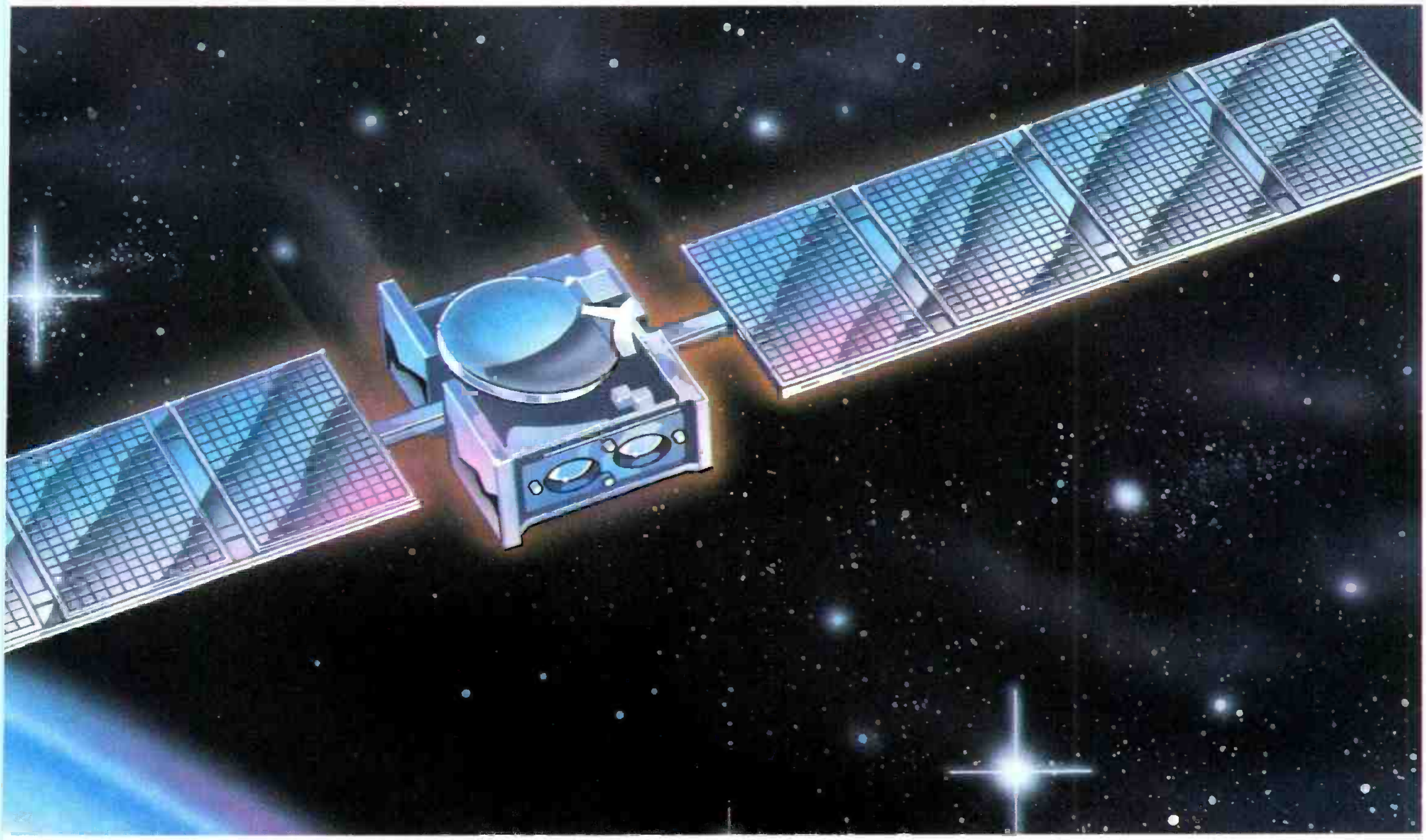

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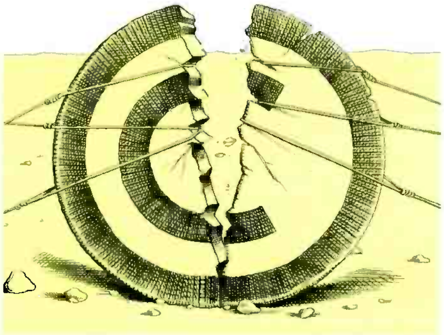
Even so, most copyright holders assume they're entitled to revenues from every use of their work. As the MPAA's Valenti once told Congress, "Creative property is private property, like your home or your car. No one should have the right to use that property without compensating the owner or getting the permission of the owner."



But that is precisely the point, notes Breyer: Copyrighted property is *not* like tangible property. It's an intangible creation whose boundaries are defined by Congress as a policy judgment. Copyright is basically "a tax on readers for the purpose of giving a bounty to authors," says Breyer, quoting the British statesman Thomas Macaulay. "And the only reason that we put up with this is in order to elicit production," he adds. "But we do not want one more day's protection than is necessary to elicit that production."

When the players have assumptions as different as those of Jack Valenti and Judge Breyer, it's no wonder that copyright debates are so often convoluted and confusing. Add an overlay of numbingly abstract concepts and arcane terminology, and copyright law easily lives up to Samuel Clemens' quip, "Only one thing is impossible for God—to find any sense in any copyright law on the planet." The man in the best position to make copyright make sense, Rep. Robert Kastenmeier, chairman of the House copyright subcommittee for the past 29 years, is not about to step into the middle of a brawl. "It's not within the power of the Congress to impose settlements where you have huge, competing forces—nobody wins."

It's become a 'user-centered' universe out there: Consumers always outnumbered copyright owners, and now they've also got high tech on their side.

Capitol Hill's preferred alternative to congressional fiat, however, is not always such a hit—the compulsory license, a compromise that forces copyright holders to sell their work at a governmentally set price. Copyright owners don't get to negotiate prices for their products or withhold them from the market. But they get at least some compensation for their use, as in the compulsory-license royalties that studios, athletic leagues and other copyright owners receive from cable operators for retransmission of their programs picked up as distant signals.

If Congress approves pending legislation, a similar compulsory license—delicately called a "statutory license" by its backers—will go to satellite carriers that want to scramble superstations' signals and retransmit them to satellite-dish owners. The bill would also allow such carriers as Satellite Broadcast Networks to do the same with network affiliates, making network programs available to dish owners via new superstations. Also waiting in the wings are SMATV operators—serving apartment buildings and hotels—and MMDS ("wireless cable") systems, which, like SBN, argue that they are analogous to cable systems and should also have compulsory licenses.

Predictably, these prospects don't please broadcasters, who pay dearly for the right to distribute many of the same programs that newer distribution channels buy more cheaply, by way of a compulsory license. "It may sound a little old-fashioned," says Preston Padden, president of the Association of Independent Television Stations, "but we think that people who want to beam programs up to a satellite for sale to others should first acquire the rights to those programs."

What increasingly matters, however, is what the consuming public thinks. This new copyright constituency first rose up and showed its clout in 1984 with the Supreme Court's famous Betamax ruling. Though largely unorganized, consumers had well-heeled allies: VCR makers and retailers. The Supreme Court agreed by a five-to-four margin that private, noncommercial copying of broadcast TV for later viewing—"time-shifting"—was legal. Though the machines obviously can facilitate copyright violations, the Court declined to apply the 1976 copyright law to them. And who can blame the justices? A contrary ruling could have made millions of Americans into lawbreakers and left the authorities helpless to stop them.

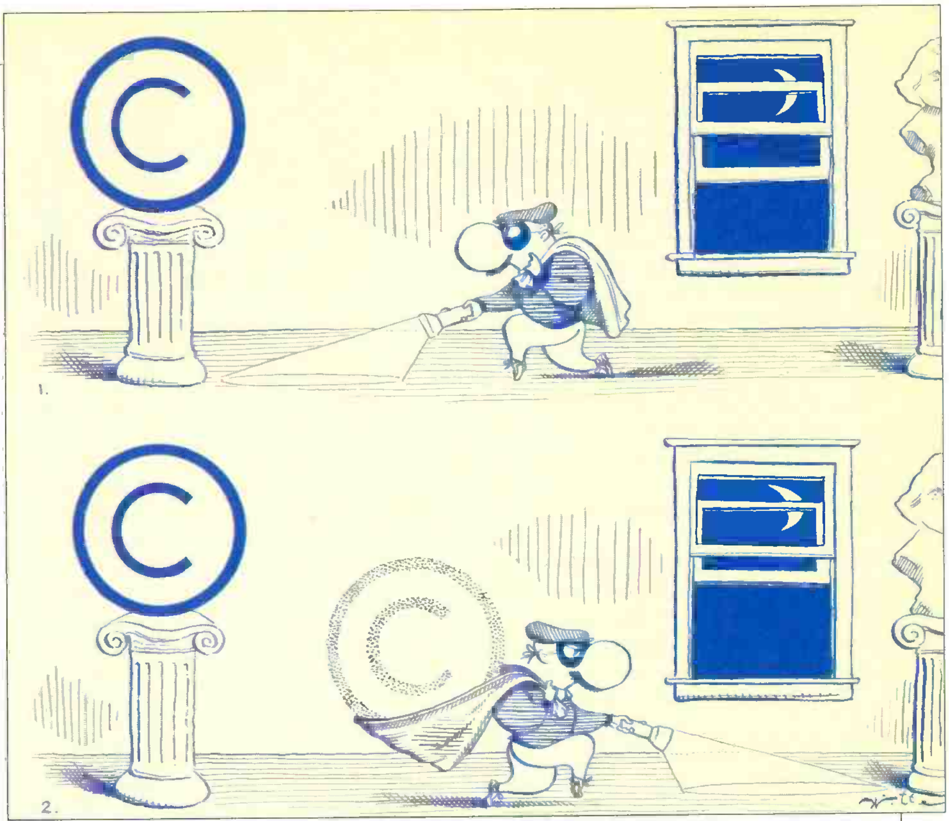
In response, Hollywood studios repeatedly asked Congress to levy royalty taxes on VCRs and blank videotape as a way of compensating them for illicit copying. Ten foreign nations already impose such taxes, but even the mighty Valenti came up empty-handed in Washington. "There are many more copyright consumers than creators," Fritz Attaway, vice president and counsel for the MPAA, explained ruefully. "The Electronic Industries Association was able to effectively mobilize consumers, and it was just impossible politically to pass a royalty tax." For the same reason, MPAA has failed to convince Congress to require anti-copying chips in VCRs.

No sooner had the rank and file begun realizing their interests as media consumers than a new breed of copyright theoreticians started attracting the attention of legal scholars with a cogent if unorthodox argument: that copyright is insidious government protectionism for copyright industries at consumers' expense.

"There's nothing wrong with artists making as much money as they can," opines Fred Smith, the resident guru of the Competitive Enterprise Institute (CEI) in Washington, D.C., "but we ought to be very careful about the assumption that it's government's responsibility to guarantee a rate of return [by granting copyright protection]." Instead of the government's protecting creators, Smith argues that they should guard their works by erecting their own technological (and other) "fences," such as anti-copying chips and scrambling, which can be adjusted or eliminated as the market demands. Otherwise, he says, copyright law will simply inhibit innovation at everyone's expense. Asks Tom G. Palmer, a CEI associate: "Is Hollywood really sorry that it failed to enjoin sales of VCRs when the Sony Betamax first came on the market?"

But no matter how determined their campaign, the libertarians will likely encounter a problem that has frustrated many previous copyright crusaders: There is no fixed crucible for finally resolving most copyright disputes. Authority over copyright law is strewn across Washington—from

Trouble on the Digital Frontier



Probably the most profoundly unsettling challenges to copyright will come from the digital technologies now coming into practical use. Digital packs a devastating one-two punch: It can make a perfect copy of TV programming, music or text with extreme convenience and speed; and then the copyrighted work, having been made totally malleable in digital form, can be manipulated in appearance—raising new questions about who owns the resulting product.

The biggest challenge on the horizon comes from the digital audio tape recorder (DAT), whose copying abilities could undercut the compact disc (CD), which has recently revived the recording industry. For the moment, Japanese electronics firms have defeated the record-industry's campaign to require anti-copying chips in all DATs sold in the U.S. But the controversy has caused the Japanese to delay introducing DATs here—with or without the "spoiler" chips.

While DAT's copying potential hasn't reached many American consumers yet, digital's manipulative ability is already being used in TV newsrooms for what a copyright hardliner might consider a new form of piracy. Graphic artists can use digital devices to scan a photo or other copyrighted work and use it as the basis for visuals inserted over a news anchor's shoulder. Most are careful to use the artwork simply as a reference, but designers say there are infrequent lapses under deadline pressure.

As the digital frontier advances, copyright owners will face far more disquieting dilemmas. "It's now possible to digitalize a face, and then use a 3-D computer modeling system that allows you to ape real movement," says James St. Lawrence, a producer of educational TV programs. In theory, such systems could allow stars to stage comebacks after death, he suggests, and that could create some messy rights disputes.

Choreographer Twyla Tharp may have unwittingly posed another copyright question with a computer-generated scene in her dance "The Catherine Wheel," which aired on PBS. Tharp delineated a dancer's limbs with white strips, videotaped her performance and transposed her movements as traced by the strips, frame by frame, into a computerized 3-D model. In the sequence, the computer figure appears to "teach" the live performer how to dance. The sequence gives new meaning to the metaphysical riddle, How can you tell the dancer from the dance? More to the point, if there were a dispute over the digitalized dance, who would "own" it? The dancer? Tharp? Or the inventor of the technique?

In experimental music circles, digital editing equipment and synthesizers are creating a new genre of sampled music that can "borrow" the vocals or instrumentals of other recording artists. Last year, for example, the performer Sybil was accused of stealing the words "pump up the volume" from a record by the rap singer Rakim. (Rakim's attorney claims "total victory" in an out-of-court settlement.) "If you want an orchestra, you don't have to go out and hire an orchestra," says composer Michael Kowalski. "There are a lot of chords in the record store."

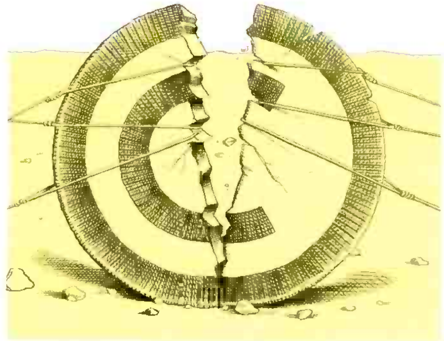
But, one might reasonably ask, who "owns" the new sounds or images manipulated electronically? At the moment, this question is rarely posed. That could change if a song using "borrowed" sounds ever made a lot of money, or if many consumers obtain heavyweight digital recording capability, such as erasable optical discs.

"In five years, or ten at the outside," predicts copyright expert Robert Kost, "we're going to have CD-E—erasable compact discs—which will be used with your computer, stereo systems, television, what have you, for recording anything. The problem is, even if Congress created compulsory licenses [for remunerating creators], there's no way of gauging what percentage of the CD-E belongs to Michael Jackson and what percentage belongs to Lotus software."

But if innovators wreak this kind of havoc in television, it won't necessarily involve digital technology. "A TV signal on ISDN [the phone companies' new standard digital network] takes up as much room as 700 telephone calls, at best," says prominent TV engineer Mark Schubin. "If you're paying five cents a minute for a phone line, that's $35 a minute to watch TV." Forget whether a technology is analog or digital, says Schubin. What matters is that the convergence of electronic technologies is making copying—and creative derivations—easier and cheaper. Shubin's axiom of technical possibility: "Anything you can see or hear, you can steal." D.B.

Congress and the Copyright Office to the Copyright Royalty Tribunal, the FCC and the federal courts—and the policy set by one body often conflicts with that of another.

While Congress is the most logical forum for cleaning up the copyright quagmire, most legislators have little stomach for it. The hapless member of Congress who gets involved in copyright law, notes Washington attorney Daniel Toohey, "must become an expert in one of the most tangled, bedeviling areas of law as well as the various arts and sciences it protects, all the while facing some of the nastiest special interests in the halls of Congress." Even if some members master the subject, when is copyright *ever* at the top of the congressional agenda?



As for the federal courts, they too are growing fatigued by the "highly litigious copyright-owner subculture," as Kenneth Starr, an appeals court judge, described it in one decision. Judges approach many copyright cases gingerly, because they are reluctant to let the circumstances of one case set policy for an entire industry.

Proposals have been made to create a copyright "super-agency," an executive-branch agency that could act more swiftly and knowledgeably on copyright disputes than either Congress or the courts. But in an era of budget deficits, few legislators are eager to create a new bureaucracy, however useful it might be.

And so the copyright battles rage on. The combatants spend most of their energies playing the ongoing game of charge/countercharge, continually debating the levelness of the media playing field, marshaling their expertise and political clout to win the latest test of wills. Scan the copyright wars from a loftier viewpoint, however, and the panorama resembles a Breughel painting: diverse scenes of cunning and machinations set against an ironic backdrop of impending cataclysm.

It's enough to send copyright expert Robert Kost into despair. "Intellectual property law is such an arcane-sounding area," Kost laments. "People say, 'Who cares?' But what we're talking about here is the foundation of capitalism in the information age." ●

The Copyright Docket of '88

CABLE'S COMPULSORY LICENSE

Should the compulsory license for cable operators be abolished? *Yes: studios, broadcasters. No: cable operators.* The FCC launched an inquiry into the issue last March, but its findings, due soon, are only advisory. Congress seems disinclined to kill the license.

BASIS AND AMOUNT OF CABLE ROYALTIES

Should cable operators pay compulsory-license royalties based on all their revenues from tiers containing broadcast signals? *Yes: studios, Copyright Office. No: cable operators.* Total annual royalties will return to $100 million if January's federal appeals court decision stands. It overturned a 1986 lower court ruling that had applied the fee only to revenues attributable to distant signals—reducing royalties to $60 million. Now the Copyright Office is asking operators to pay up the full amounts for the past two years.

SYNDICATED EXCLUSIVITY

Should the FCC reinstate rules giving broadcasters exclusive local rights to syndicated programs they buy? *Yes: studios, broadcasters. No: cable operators.* Chances are good the FCC will reimpose the rules after it reports on a year-long inquiry and rulemaking early this year. But the losers may ask Congress or the courts to reverse the FCC.

RETRANSMISSIONS TO BACKYARD DISHES

Should satellite carriers be given compulsory licenses to retransmit superstations and broadcast network signals to dish owners? *Yes: dish interests. No: studios, broadcasters.* Carriers, backed by Rep. Kastenmeier, are seeking the license in H.R. 2848, which stands a fairly good chance of passage.

SMATV AND MMDS COMPULSORY LICENSES

Should SMATV and MMDS operators be given compulsory licenses to retransmit superstations? *Yes: SMATV and MMDS interests. No: no significant opposition.* The Copyright Office is expected to issue a ruling.

MUSIC SOURCE LICENSING

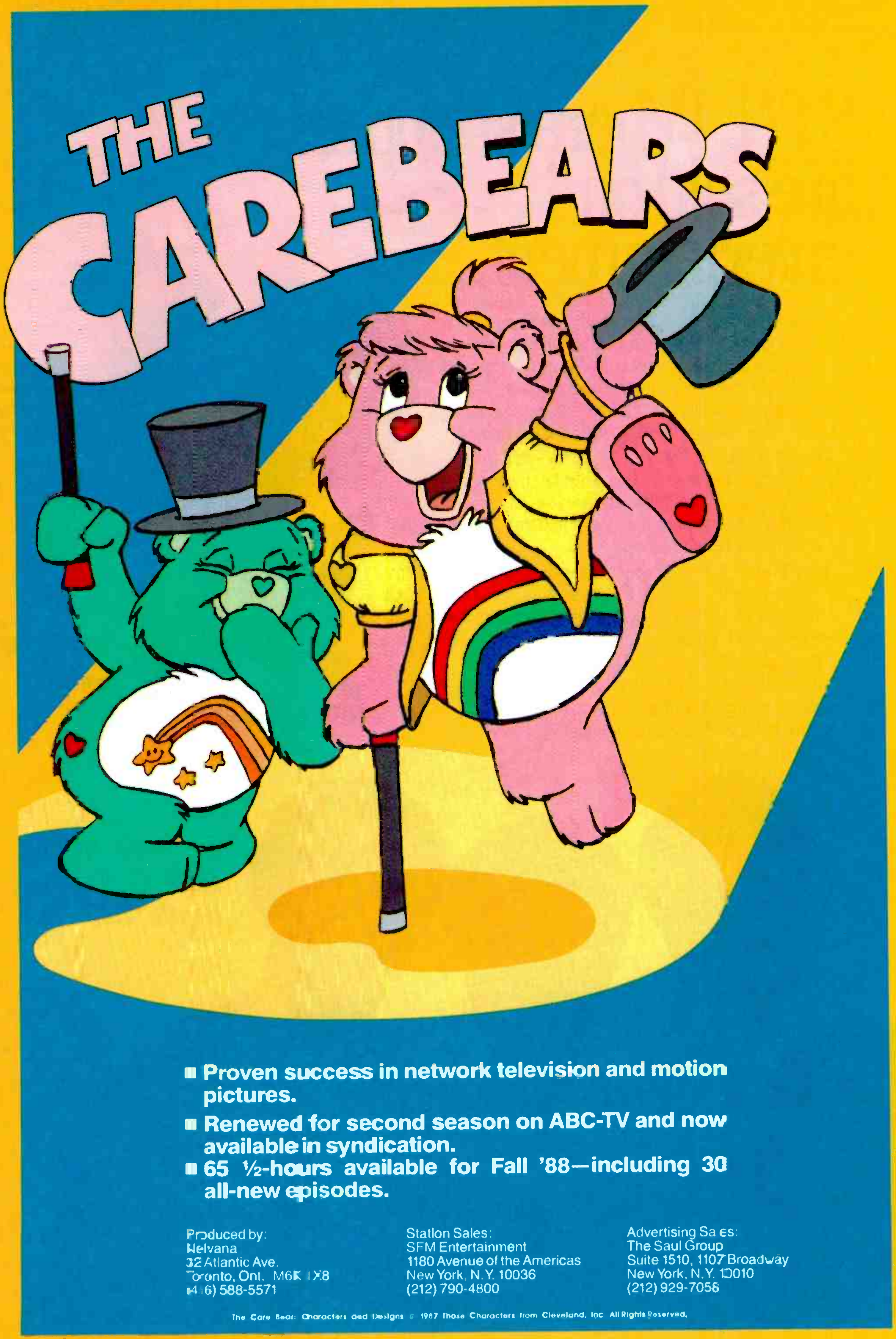
Should "source licensing," which lets broadcasters negotiate fees for rights to specific music, replace the "blanket license," which requires them to buy rights to all music in the publishers' group catalogs? *Yes: broadcasters. No: composers and music publishers' groups (ASCAP, BMI).* After several court defeats, the issue lies before Congress in S. 698, but the bill is all but dead.

COMPETITION IN DISH PROGRAMMING

Should programmers be allowed to sell or not sell their signals to dish owners as they see fit? *Yes: cable operators and networks. No: Dish interests.* Sen. Albert Gore's S. 889, backed by the dish community, would require that cable networks be made available to dish owners through third-party distributors.

INTERNATIONAL TREATY

In ratifying the Berne Convention, the chief world copyright pact, should the U.S. grant artists strong "moral rights" influencing future uses of their work? *Yes: directors, actors, artists. No: publishers.* After resisting for decades, intellectual-properties industries now see Berne protecting exporters' rights overseas. Artists want a moral-rights clause as strong as those of some Berne member-nations. Once Congress decides on that sub-issue, it may pass the bill this year.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After 25 Years, Still Doing It Don's Way

From jiggle to *Jenny*, Don Taffner's deals have made him rich. Can he keep it up?

Taffner, celebrating his firm's 25th birthday, says he has surprises up his sleeve.

by Adam Snyder

Ten years ago, Donald L. Taffner was trekking cross-country, trying to sell the ribald British comedy *The Benny Hill Show*. Although Taffner had ten years of success in selling British programs, he was having a particularly difficult time with *Benny Hill*. It was too British, too racy and, he was told, too long.

But Don Taffner is successful because he doesn't accept defeat easily. So when station buyers told him the offbeat show was unintelligible, Taffner patiently explained the jokes. When they said the episodes were overlong, he chopped them up into half hours. When buyers said the program wasn't funny, they watched it again with Taffner and were won over by his enthusiastic, high-pitched laugh.

Benny Hill ultimately found viewers in the U.S. and, once again, Taffner had enforced his will. "He's a study in entrepreneurship," says Todd Leavitt, Reeves Entertainment Group v.p., remembering his 1986-87 stint as chief executive officer of D.L. Taffner/Ltd. "He knows what he wants and goes after it. He's a man who started humbly with a vision, with a great love for television and a great rapport with people—and turned that into the American dream."

But, today, with the 25th anniversary of his company coming next month, Taffner's drive is being tested. The consolidation of the production business, the glut of product and the changing regulatory climate have combined to raise questions about his future and that of other independents. Business at the private firm has slowed and Taffner is again creating new strategies.

John Fitzgerald, Taffner's second in command, claims that the company's quiet 1987 was intentional. "Last year we said to ourselves, this is a time to watch what's going to happen. People who flooded the market with first-run product generally didn't have the economic base. We figured we'd spend the year establishing that base and then make our move." Toward that end, the company has recently entered joint ventures with Canada's Primedia Productions to make action and comedy series, and with Australian venture capitalists the Paul Ramsay Group to produce for all formats.

Adam Snyder is a New York-based free-lance writer.

CHRISTOPHE VON HOHENBERG

With those deals, the firm is bustling, piling up cash to survive leaner years. It has 20 employees spread between Los Angeles, Sydney and Toronto, with 54 more in two Manhattan town houses. With a third building Taffner bought in 1985, his real estate alone is worth $20 million.

Taffner has had serious offers to sell his company since it became clear that his biggest hit, *Three's Company*, would become a gold mine. But the possibility seems remote. Taffner "is driven by something other than money," says David Fox, another ex-employee, now CEO of Fox/Lorber. "He's worth $50 million and he's still buying mail-order shoes." Another reason Taffner is unlikely to sell is that he expects his only son, Donald Taffner Jr., 24, who works in a new Taffner division that sells shows to public TV stations and syndicates PBS product, to take over the firm.

Taffner is worried, however, about threats posed by the political climate. "We're getting to the point where bigness is going to give the little guy a tough time," he says. "The hardware people are beginning to control the software. I worry that USA Network is owned by Paramount and Universal. I worry that group owners in distribution will get into the end-user area. I see bigness taking over, and if that happens in entertainment, we will all be virtual employees of big companies, and they'll control our growth."

His views are taken seriously because Taffner, 57, is credited with knowing the business inside out. From a start 36 years ago literally in the William Morris mailroom, Taffner has built a company with annual sales of over $100 million. Along the way he has blazed a trail of innovation. It was his decision, in the '60s, to create a U.S. market for British programs. Later, Taffner used ties with Britain's Thames Television to adapt their sitcoms for American TV. One of them, *Three's Company*, aired on ABC for seven years and has earned more than $300 million in syndication, almost half of which is Taffner's. The show is seen in over 200 U.S. markets and in 25 nations.

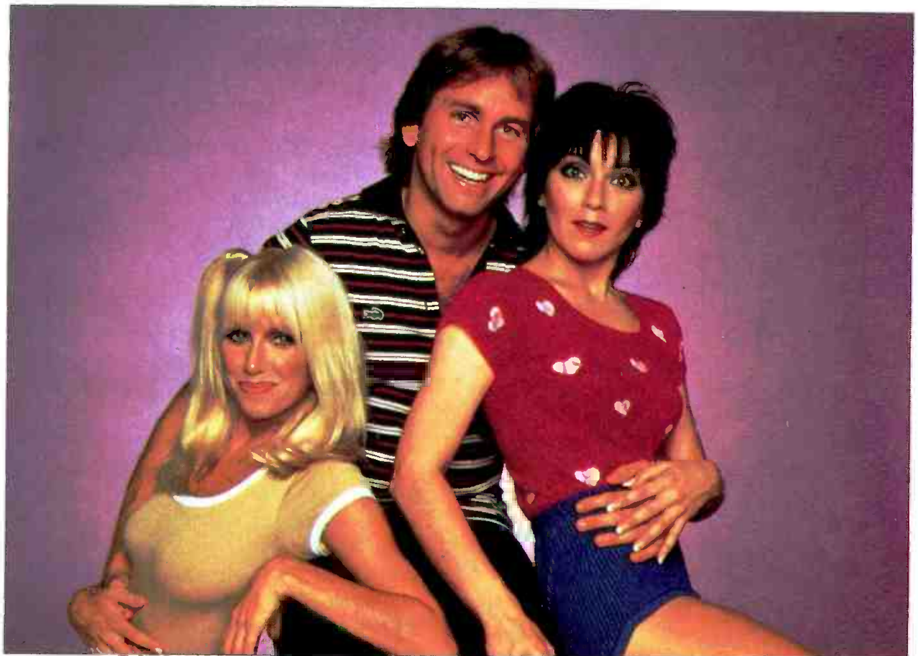
Benny Hill: A tough, but highly successful sell.

Above all, Taffner has always been a salesman, beginning with the jelly beans he sold in his parents' Brooklyn candy store. At William Morris, one of his tasks was to clear programs through U.S. customs, so people assumed he was "into foreign TV," Taffner recalls. When Morris agents found out how little foreigners were paying for U.S. product, "they told them to see the kid in the corner." Taffner made the switch to agent and soon was selling *I Married Joan* and *My Little Margie* overseas for $200 a pop.

After a stint at Paramount and another as a program buyer for Australian clients, Taffner got his first big break in 1968 when two British networks, ABC and Rediffusion, merged to form Thames. Taffner bought U.S. rights to Thames programs, which weren't worth much then. But in 1972, he sold the 26-hour documentary series *World at War* in the U.S. and it became an early British success. Soon he was bringing highbrow programs like *Jenny, Lady Randolph Churchill* and *Paradise Postponed* to PBS.

In the mid-70s, after the translation of a British sitcom into Norman Lear's *All in the Family*, Taffner sold several Thames formats in the U.S. The hit British comedy *Man About the House*, about a bachelor living with two women, drew network attention, but Taffner remembers less enthusiasm from ABC censors. Social mores were changing, however, and ABC's Fred Silverman and Michael Eisner gave the go-ahead. Larry Gelbart of *M*A*S*H* wrote the premiere and named it; *Three's Company* was a go.

Thames became the distributor and Taffner the syndicator. When *Three's Company* entered syndication in 1982, program prices were soaring. Only four years earlier in a large market like New York, *The Mary Tyler Moore Show* had sold for $15,500 per episode. *Three's Company* fetched $60,000, and in a second cycle in 1986, it garnered up to 25 percent more. Taffner would never again be happy to work just as a syndicator.



The cast of *Three's Company*, a British spin-off that broke new ground in syndication fees.

When, despite respectable ratings, ABC suddenly dropped another Thames spin-off, *Too Close for Comfort*, Taffner decided to produce it for first-run syndication, a new idea. After three years (the title had been changed to *The Ted Knight Show*), those shows yielded a syndication bonanza. "Until then, if a show was canceled, that was it," Taffner says. With Metromedia doing most of the funding, Taffner produced *Too Close* for another three years. It has grossed more than $75 million in syndication.

Yet nothing more clearly points up the two sides of Don Taffner than the successes of *Three's Company* and *Too Close*. He is as comfortable with highbrow shows as he is with such routine sitcoms as *Three's Company*, known more for its jiggle than for its critical acclaim. "My definition of quality is what people watch," he says. "I sell what the other guy wants to buy. I don't differentiate by quality, but by the type and kind of program I'm doing. I know that *Edward and Mrs. Simpson* and *Rumpole of the Bailey* go to PBS. You may define that as quality. I define it as the path of least resistance that gets a return." That attitude endears Taffner to program sellers, and in 1986 he was awarded a Founders' Award Emmy "for setting new levels of creativity in worldwide" TV. Telerep v.p. Jay Isabella calls him "a man for all seasons. He sees things from his view, his client's view and the station's view. Ask for 25 people who matter in TV and he'd be one of them."

By basing shows on proven formulas, a lot of guesswork is eliminated. The *Three's Company* pilot was virtually identical to its *Man About The House* British counterpart. And Taffner produces programs and retains syndication rights without personal investment. "We use our funds only to get a program to the point where we think the user will put his own money in," Taffner says.

The question is, what next? His latest sitcom, *Check It Out*, based on a Thames' show, breaks new ground by running simultaneously on the Canadian Broadcasting Corp. (CBC) and USA Network before moving to syndication six months after its USA airing. CBC and USA get a network-quality, first-run series and Taffner gets syndication material. "Don has a unique sensitivity about what works," says David Kenin, USA Network's senior v.p. of programming. "We can't write CBS-style checks. They came up with a proposal that was risk-oriented but something we were ready to try."

Taffner is basing the future on that formula: selling programming from Thames and others, along with riskier but potentially more profitable production work. The first venture of Taffner's new game-show division will be an Americanized version of *Whose Baby?*, in which contestants guess the identity of famous parents by questioning their kids. It had a strong 14-year British run and the pilot, which Taffner is uncharacteristically funding, was to be unveiled at this year's NATPE convention.

About 20 percent of Taffner's revenues come from his international division, which distributes its own productions as well as those of NBC, Procter & Gamble, Dick Clark and others. "With all that in place, we need product," he says. "Hopefully, if we represent domestic producers and overseas broadcasters and produce our shows, we'll have enough for the funnel." For now, *Three's Company* represents over half of total company revenues, which combined with *Too Close*, *Check It Out*, *Benny Hill* and *World at War* yields over two-thirds.

His production record is a mixed bag, with *The Ropers* and *Three's a Crowd*, both spinoffs of *Three's Company*, failing to last past a season. The only other Taffner productions to air are six episodes each of the sitcoms *Foot in the Door* and *Miss Winslow and Son* in 1983 for CBS, and last year's pilot of *The Saint*, which CBS didn't pick up. But Taffner also has two development deals with each of the three networks; one of the more interesting prospects is a series for CBS based on *The Diaries of Adrian Mole*, which has already been a PBS miniseries.

Meanwhile, Taffner has some surprises up his sleeve. Two years ago he invested in the Theatre of Comedy, a London comedic company. Taffner is considering merging his TV and theatrical interests and is also hoping to bring to New York the company's biggest hit, *Run for Your Wife*, which last year had its 2,000th performance. Taffner has also built a studio in Dublin to make animated features.

Soon, Taffner expects to begin a campaign that he hopes will be a breakthrough. In conjunction with the release of 100 *Benny Hill* half hours, participating stations are airing *Benny Hill* "postcards," a hybrid promotional spot/ad/comedy sketch. If the postcards work, he plans to follow them up with others.

Taffner feels that in the past he has allowed others to benefit from his innovations, particularly in first-run syndication. "This time," he promises, "we're not going to get caught starting something and letting others follow up. We're going to be ready with the follow-ups." If his past is any guide, Taffner will adapt to change. "I'm going to see how far this goes," he says. "It's been a pretty good ride so far." ●

THE TAFFNER TV LIBRARY

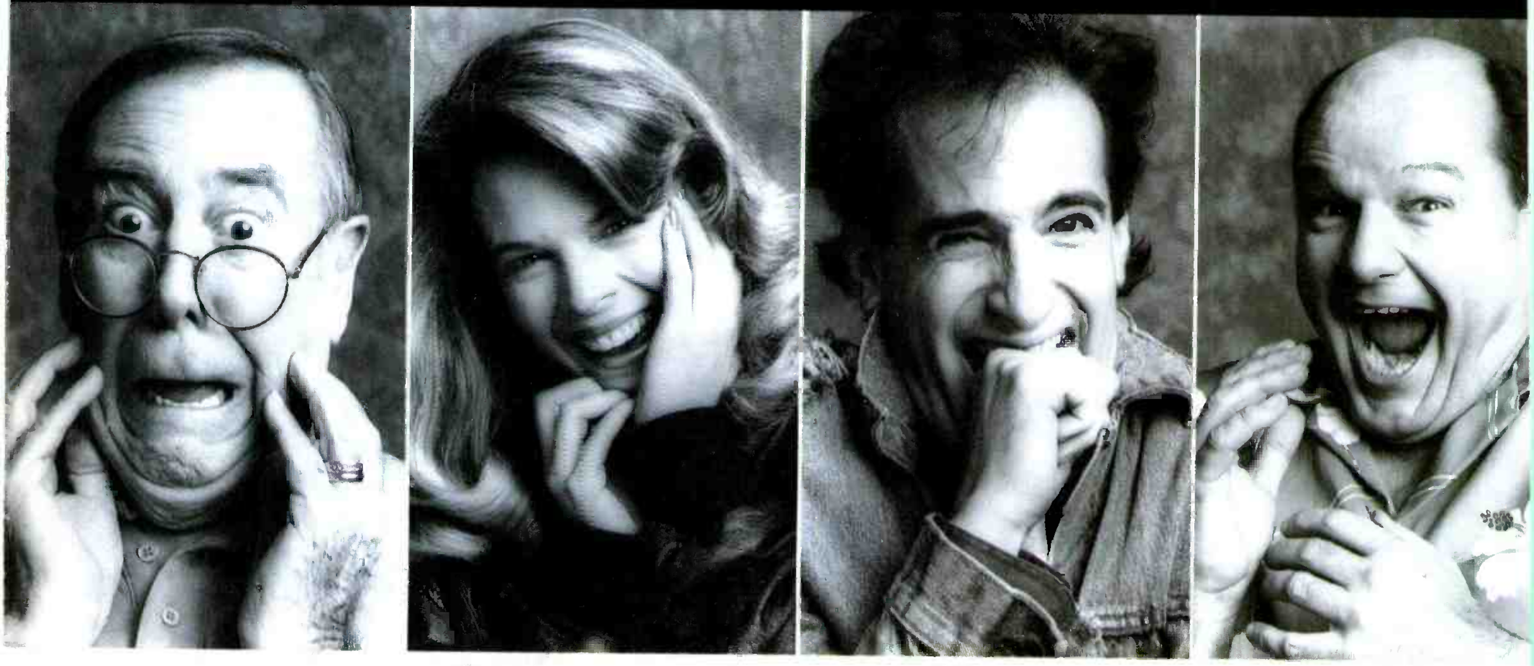
Show	Production Company	Country of Origin	Number of Episodes
For Fall 1988:			
Whose Baby?	D.L. Taffner	U.S.A.	TBA
Animated Family Classics	Emerald City Productions*	Ireland	8**
Available Now:			
Three's Company	D.L. Taffner	U.S.A.	222
Too Close For Comfort/Ted Knight	D.L. Taffner	U.S.A.	129
Check It Out!	Taffner & Assoc.	Canada	66
The Ropers	D.L. Taffner	U.S.A.	26
Three's A Crowd	D.L. Taffner	U.S.A.	22
Animated Family Classics	N/A	Australia	3**
Blood & Honor	Daniel Wilson Prod., in assoc. w/SWF Baden Baden & Taurus Film Munich	England	Miniseries
Danger Mouse	Thames TV	England	50
The Benny Hill Show	Thames TV	England	100
Thames Comedy Originals	Thames TV	England	156+
Robins Nest	Thames TV	England	48+
Man About The House	Thames TV	England	39+
George & Mildred	Thames TV	England	38+
Keep It In The Family	Thames TV	England	22+
After Benny	Thames TV	England	40
The Benny Hill Specials I	Thames TV	England	5
The Benny Hill Specials II	Thames TV	England	5
The Crazy World Of Benny Hill	Thames TV	England	Special
World At War	Thames TV	England	36
Hollywood	Thames TV	England	13
Destination America	Thames TV	England	9
Crime, Inc.	Thames TV	England	7

*Emerald City Productions is based in Ireland and owned by Taffner.

**Five new episodes are in the making at ECP, to be added to three older animated programs produced by an Australian company.

+ *Thames Comedy Originals* is a syndication package comprised of the four footnoted programs.

Wild. Wacky. Weekly.



From real life at its most unpredictable and hilarious best comes the wildest, wackiest weekly series for Fall '88.

It's the new Life's Most Embarrassing Moments.

Thirty minutes of non-stop fun from the producers of the original network specials that attracted shares as high as 44. Including classic moments from those shows.

Host Roy Firestone and guest celebrities present a collection of the zaniest spontaneous experiences ever captured on film and tape. The embarrassments of TV personalities, movie stars, athletes, politicians and all of us.

Someday soon we'll all look at this and laugh.

Host Roy Firestone (right) with guests Richard Lewis (left) and Billy Crystal

Life's Most EMBARRASSING Moments

Produced by

Woody Fraser Productions for Reeves Entertainment Group

Syndicated by

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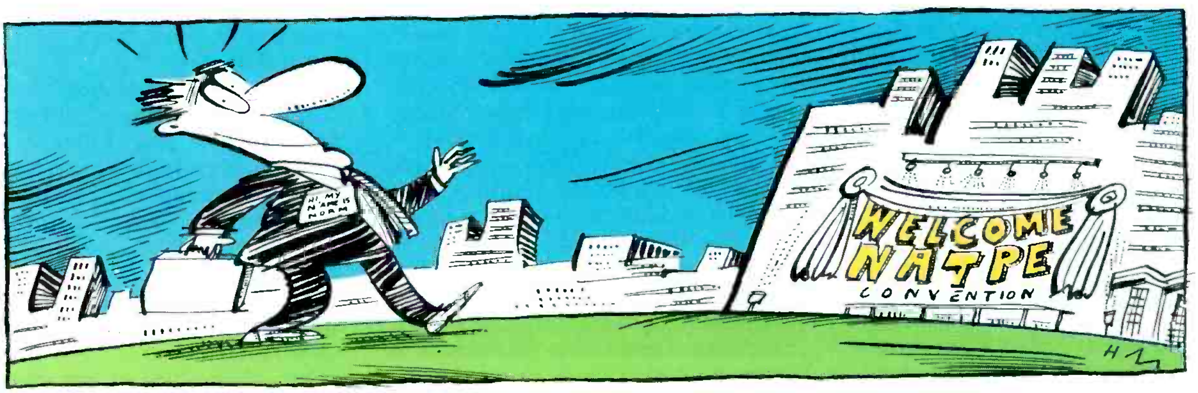
A Changing Marketplace

TV's selling season has many masters—term-setting syndicators, aggressive local stations, the NATPE convention and, recently, Washington. Who's on top?

Last month, *Channels*' In Focus section looked at syndication's changing markets and previewed new programs on display at the National Association of Television Program Executives convention. Now, we turn to the nitty gritty of the deal-making process itself. Increased pressures on both sides of the deal have created the most competitive syndication marketplace in history. Distributors are sending their salesmen out on the road earlier and earlier, trying to clinch major-market clearances prior to NATPE. Some stations, in an effort to get first crack at next season's hits, are taking the initiative and joining one of several program screening groups that meet each December. Two articles look at how this new competitiveness is changing the nature of NATPE: our first story, "Why Go to NATPE?" and our last, "Screening Group Dynamics," by West Coast editor Neal Koch.

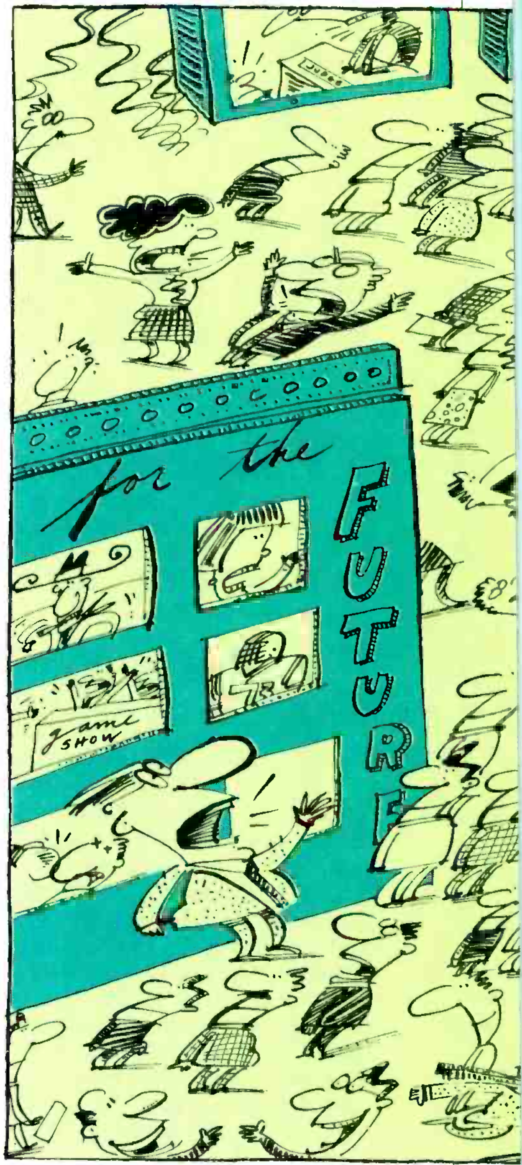
One of the most innovative and powerful syndication teams to emerge in the last five years is Roger and Michael King of King World. As senior editor Cecilia Capuzzi's cover-story profile shows, their success was neither overnight nor simply luck. The question is, how will they top *Wheel*, *Jeopardy* and *Oprah*?

Few things are as frustrating for a local station as finding a show it paid dearly for popping up on another station, imported courtesy of the local cable system. Rich Zahradnik's update on syndicated exclusivity, "Fighting for an Exclusive," goes right to the FCC's Office of Plans and Policy for insight on syndex's chances for reinstatement. And in "The State of the Deal," Carol Hall details how several extraordinary deals for highly anticipated shows have reshaped the station-syndicator relationship. Increased restrictions, longer contracts and higher fees are just some of the new prices stations must pay. ●



Go Ahead and Ask: Why Go to NATPE?

Buying? Selling? Screening? Schmoozing? Well, at least there's always some incredibly good food, er . . . in Houston? BY JOHN FLINN



Ask a dozen television executives about the usefulness of investing thousands of dollars in the annual NATPE-convention hullaballoo and you'll get a dozen different answers, only some of them printable. The convention, although increasingly the industry's most significant mega-event, has become the bazaar that industry executives love to hate.

Why go? One syndicator responds to the question with a roar of laughter. "I'm so tempted to do a Jimmy 'The Greek' Snyder on you," he says, then adds, "but it no longer pays to say what you're thinking."

Undeniably, the convention's function is changing. For TV stations and their reps, it's still an extraordinary opportunity, but not primarily for buying shows. "The dynamics of the industry have caused decisions, at least in major-market situations, to be made prior to NATPE," says Bill Carroll, v.p. and director for Katz American Television. "Usually, deals are not done there. But even in the carnival atmosphere that exists, it is still a good opportunity for station groups to meet together, and it's a wonderful opportunity for stations to meet one-on-one with their reps."

For smaller-market stations—those outside of the top 50 or so markets—the convention is somewhat more of a shopping spree. "It's the only time you can get roughly every syndicator in the world together in one location and not have to wait upon them to come to you," notes Jack Fentress, v.p. and director of programming for Petry National Television. Katz's Carroll adds, "Syndicators never get to the smaller markets. For those stations, it's the equivalent of always having to order from a catalogue, and then on this occasion, actually being able to go to the store."

This widely held assumption—large-market stations buy before NATPE, smaller stations buy *at* NATPE—doesn't always hold up, of course. Carolyn Wean, v.p. and general manager of Group W's KPIX in San Francisco, notes, "Most of our programming decisions have been wrapped up by NATPE. But last year, we decided to buy *Win, Lose or Draw* at NATPE."

Stan Pederson, v.p and general manager at KYTV, Springfield, Mo. (ADI number 83), says, "It's more a place we go to see what's new. I've been at KYTV five years and last year was the first time I bought something at NATPE." Pederson says he has renewed contracts occasionally at the convention, but that's not really why he goes. "It's important to go and see what's happening, maintain contact with syndicators and talk to other broadcasters, as much as it is to go and see what programming is all about."

Not comforting words to a syndicator. In fact, most of them admit NATPE is primarily an image opportunity, a chance to add some high-priced gloss to this season's new projects.

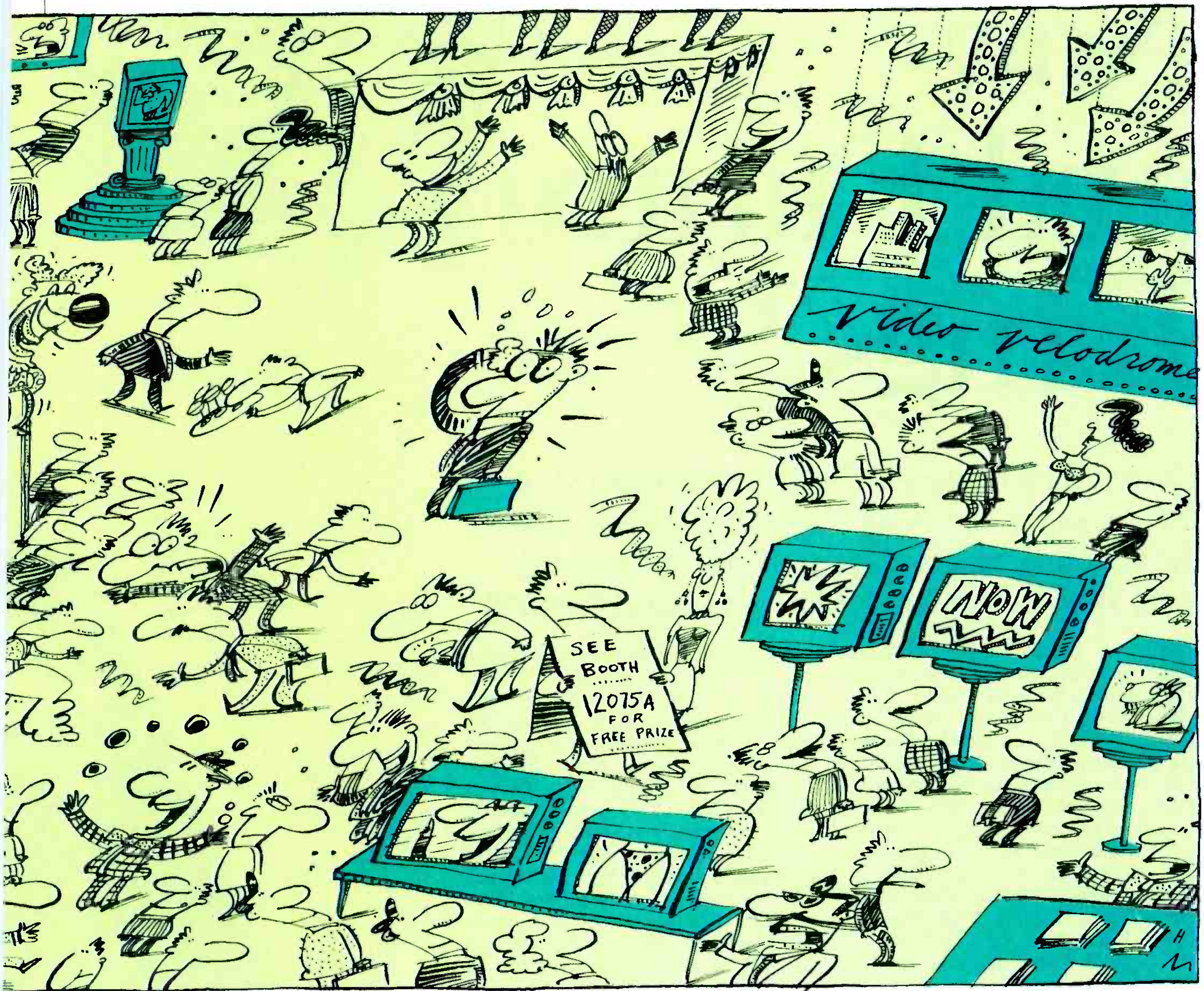
"There is a momentum that comes out of a marketplace like NATPE, generated by everyone's customers being in one place at one time," says Dennis Gillespie, Viacom's senior v.p./marketing. "It's not a place to introduce product."

Says John Garifolo, v.p. of creative services for Twentieth Century Fox, "You can generate some enthusiasm for a program that you may not be able to just by having the salesman travel to the markets. It's psychological."

For smaller syndicators, NATPE is a chance to sell *and* shine. "We expect to service a lot of stations, mostly in the medium and smaller markets that we normally don't get out to see," says Jerome Greenberg, v.p. of programming and creative affairs for USTV, a new distributor.

Bob Briner, president of Pro Serv Television, a Texas-based distributor of mostly barter programming, admits, "We're not going to write a lot of business—it's an image thing for us." Briner has his barter interests more in mind. "All the big advertisers—not just the agencies, but the corporate ad people—go there. Obviously we like for stations to stop by, but it's the advertisers we're interested in."

Part of the lure of the convention floor, for smaller distributors, is the chance to be *right there* next to the



HAL MAYFORTH

majors. As USTV's Greenberg notes, "We only have several opportunities a year for people to begin to know who we are; NATPE is one."

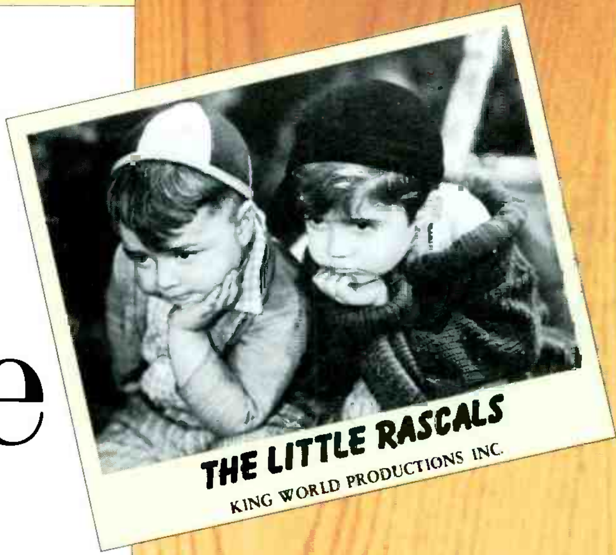
That visibility, however, is one of the reasons NATPE riles many larger distributors. Says one, who requested anonymity: "We spend a lot of money, time and effort having our salespeople call on every market in the country. Why in God's name would we encourage or be happy about a forum that is very expensive to us, and gives our competitors an opportunity to sell their product on an equal footing?" Says another, "We do wonder if we really need to go through all the expense of being at a convention like NATPE."

Some of the smaller players have already decided that they don't. Bill Sherman, president of Sherman & Associates, this year is having Genesis Entertainment handle his clearances. "I speak for many when I say that last year there was little business written at the convention, and the smaller distributors can't afford those enormous costs," he says. "You have to make sales."

One former distributor (who this year got out of the TV business altogether), complains, "I got beat up real bad at last year's convention. We did all the things you're supposed to do and I couldn't get anybody to come by the booth. It's a public-relations vehicle, and a pretty expensive one at that."

This admittedly bitter NATPE veteran strikes a painfully crushing blow to this year's show: "At least the food in New Orleans was good," he says. "Why would anyone want to go to Houston?"

But everyone still does want to go to NATPE. For syndicators, it's mostly a matter of pride. For stations, it's a chance to see some tapes and keep up with the industry buzz. Besides, as Katz's Bill Carroll notes, somewhat ingenuously, "There are those occasions where a panel or a presentation provides some information or insight or whatever. That's another bonus." ●



Now and Future Kings?

Charlie King expected *The Little Rascals* to take his kids to the top. Now Roger and Michael have the daunting task of staying there—and pushing King World into a new realm. **BY CECILIA CAPUZZI**

It's a glorious day in southern California and Michael King is driving his Rolls-Royce to King World Productions' West Los Angeles office when he detours up a winding road to a cliff-top. There, a Franciscan retreat house overlooks the Malibu valley where King's home is nestled among several others. He looks out to the shimmering Pacific to the left, then points down the valley. "There's Charles Bronson's house. That's Rick Springfield's. There's Wink Martindale's. That's ours."

It's a grand, surrealistic view, and 39-year-old Michael, clad in a business suit and standing where he can survey it all, looks as if he's on top of the world. "Really something, isn't it?" he asks, as if disbelieving his own good fortune.

These days, Michael King, president and chief executive officer of TV syndication company King World Productions, and 43-year-old brother Roger, chairman, are keeping good company. It really *is* something that, after years in the TV trenches, they find themselves at the top of their trade and wielding vast power. "If you had told anybody I went to high school with that I would be president of a multi-million dollar entertainment company," laughs Michael, "they wouldn't believe you."

"And Roger," he yells, "chairman!"

It is, as Michael implies, an incongruous notion. He and Roger seem more like grown-up versions of Jersey teenage toughs out of a Bruce Springsteen song. Six years ago, when the brothers were hawking game shows *Tic Tac Dough* and *The Joker's Wild* for Colbert Television Sales, they were an unlikely team to rewrite the rules of syndication. Even now, with King World's *Wheel of Fortune*, *Jeopardy!* and *The Oprah Winfrey Show* tying up the top three spots in syndication (a feat never achieved by any other syndicator), with 1987 profits of $34 million on $241 million in revenues and with a billion-dollar credit line, there are those who still have trouble taking the Kings seriously. "Are those guys for real?" asks one media executive. "Vacuum-cleaner salesmen," grouses a Wall Street analyst.

They are, perhaps, the least understood syndicators, their success often passed off as a fluke and their tendency for flamboyance frequently at odds with the TV industry's notion of how serious businessmen should act. Privately, some station managers grumble about the Kings' tough negotiating style and skyrocketing license fees. On the record, they claim to understand that this is, after all, America, and that the Kings are only acting like good capitalists.

But doubts about the Kings are waning, and Roger and Michael—and the once-floundering company their father Charlie started in 1964—are poised to transcend syndication and become a major force in the entertainment world. What King World will do next is "*the* question out there," says Frank Biondi, president and CEO of Viacom International. All the pieces are in place to forge ahead. Last fiscal year, King World showed a 71 percent gain in net income and a 66 percent rise in revenues

PENNY WOLIN

Locking up syndication's top spots: From the *Rascals*, Roger and Michael King hit it big with *Wheel of Fortune*, *Jeopardy* and *Oprah Winfrey*.

over '86. By early '88, it had accumulated $35 million in cash. A company tender offer, concluded in January, permitted the King family to sell almost 3.5 million shares of stock at $28 a share. With a good portion of their personal wealth out of the company, analysts think the Kings are more willing to risk diversifying it. (About 21 percent of the common stock was repurchased by the company at $28 a share. At the time of the offering in June, the stock was trading at $22; in January, still reeling from the October crash, it hovered at $18. The Kings still own 39 percent of the company.)

Add to that guaranteed revenues from at least 20 percent of stations that, by January, had contracted to run *Wheel* and *Jeopardy!* through 1992 (negotiations are ongoing). "Between now and August '92, these guys will receive a billion dollars from advertisers and stations around the U.S.," says Lee Isgur, v.p. at PaineWebber, one of King World's investment banks. "They will show operating profits from these three shows of $400 million without selling another station. If they wanted to close up today, they could do it."

The Kings have no such intention. Last month they formed a mergers-and-acquisitions department, and are scouting for program libraries, TV stations or small production companies to absorb. They are also looking for new shows to syndicate. If they don't find them, says Roger, they'll produce them—for syndication and network. *Monopoly*, the Parker Brothers board game King World has developed for television, could be their first. (It should debut on network in '88.) The brothers also talk of entering the home-video business. This year, as with last, they will sell no new programs at the National Association of Television Program Executives convention. But neither believes the hiatus indicates anything more than time to retool. "The success we've had," says chief operating officer Stephen Palley, "makes it hard to look at a vulnerable time period and say 'I can lock a show in there,' because we occupy so many of those time periods. There just aren't a lot available."

PENNY WOLIN

New COO Stephen Palley: Providing an air of "convention."

The Kings envision their company growing into a media conglomerate: While continuing to market and distribute programs, they hope to acquire hard assets like television stations, and also move aggressively into production. Michael compares King World's expansion to competitor MCA Inc., which owns a TV station and part of a cable network; has a home video division; and produces and distributes first-run, network and cable programming—and feature films. "We're expanding because we love the business," he says. "Real professionals are not money-oriented. Do you think Larry Bird dives to get a loose ball because of his salary? No. He wants to win."

Naysayers aren't ready to give the company an unqualified vote of confidence. They cite management turnover at King World last year, when three key executives departed: Stuart Hersch, who was chief operating officer; David Sifford, hired as president of King World Enterprises, a division that closed shortly after he came on; and Rick Levy, who was the head of Camelot, the company's barter-sales division and whose contract was not renewed. Critics also say too much of King World's wealth rides on its top three shows, which accounted for 88 percent of the company's '87 revenues. But those close to King World think it will pull off the next phase of growth.

"King World has the potential to be a major entertainment company," says Jeff Epstein, v.p. at First Boston Corp., which handled the tender offer. "It's at a point in its life where the whole world's in front of it. It has access to the best creative, the best talent—they're all flocking to it." Says Biondi, "They think they're larger than life, and maybe they are."

> 'Between now and '92, the Kings will show profits of $400 million from these three shows. If they wanted to close up today, they could.'

To be sure, Roger's and Michael's story might leave even the most trusting to wonder if their four-year rise wasn't some accident of nature. It does seem freakish that after nine years of mediocre ratings on network daytime, *Wheel of Fortune* would become an overnight smash in syndication. And that their rollout of *Jeopardy!* the following season would land the ancient game show in second place. Then came Oprah, who dethroned daytime talk king Phil Donahue. "No one's ever had the number-one and -two shows in syndication," laughs Michael. "You add number three and it's like, '*Geek!*' "

Whether luck had a role in their success or not, the climb to the top has been hard work. Along the way, their professional lives have played eerily close to that of their father, an old-time radio and TV syndicator—and their inspiration.

It was the glory days of radio and Charlie King, program producer, syndicator and spot salesman, was riding high. Radio was the new electronic medium and advertisers were paying $600 to $800 a spot. Charlie and Lucille King and their brood of six were living the good life in New Jersey. And Charlie, a 6′ 3″, 350-pound man—partial to homburgs and fresh flowers in his lapel—chauffeured his kids in Cadillacs and hobnobbed with celebrities.

Then TV came on the scene and the bottom fell out. "It was like a stock-market crash," says Roger. "My father was broke. Literally—right flat, bing, broke."

Michael estimates that the family moved 19 times, the size and location of the home dependent on Charlie's fortunes. "He was an idea man," says Michael. Out of the business he knew best, Charlie tried a variety of money-making schemes. There was his stint as a Food Plan salesman—hawking refrigerator/freezers stocked with a year's supply of meat. "Jackpot Golf," was another: ritzy driving ranges with fountains, professional greens and a brand new Cadillac grand prize for anyone who hit a hole-in-one. He and an investor opened two of them, with sights on a national chain. But the investor swindled him and he was down again. There was also Santagrams—records with personalized messages to kids from Santa, which made him enough money to start a TV-program business. When that failed, he worked for a variety of syndication companies. "Up, down, up, down," Michael says, recalling those years. Then, imitating his father, "Strictly temporary!"

In 1964, Charlie heard that Official Films, where he had recently worked, would not renew its rights to *The Little Rascals*, so he met with Clinton Pictures and offered $300,000 for the shows. Clinton accepted, and then found out Charlie had $6 in his pocket and little more to his name. Charlie convinced them to give him the rights for 24 hours, then called WPIX in New York, sold *The Rascals*, and went back to Clinton with $50,000. King World was born and Charlie was back on top. Later he subdistributed Marvel Comics' Superheroes cartoons and *The Joe Pyne Show*. But Pyne died and *The Rascals*, tainted as racist in the late '60s, were taken off the air in a large number of markets. With a history of health problems, Charlie died on the road in San Antonio in 1972.

There's a scene in an episode of The Little Rascals *where Stymie and Spanky sit at a coffee-shop counter and order a big meal. The waiter asks them if they have the money to pay for it. "No," they answer honestly. How then, asks the waiter, do they expect to eat? "We don't expect it," says Stymie. "We want it."*

"We all loved *The Rascals*," says Roger. "My father thought it would take us to the top of the world. To own our own TV business was always our dream."

When Charlie died, Roger, Michael and brother Richie worked together at WAAB/WAAF radio in Worcester, Mass., Roger as G.M. of the FM, Richie as G.M. of the AM and Michael, fresh out of Fairleigh Dickinson University, sales manager of the FM. (Brother Bob, who was president, first-run syndication, of Coca-Cola Telecommunications until its merger with Tri-Star, was working for Blair Radio.) The stations were leaking money and the Kings struck a deal with the owner giving them part interest if they moved the stations into the black. "We knew how to sell," says Roger matter of factly. "The other guys had their heads up their ass." WAAB and WAAF turned into the number-one billers in the market, but the deal fell apart. Roger filed a lawsuit and eventually joined Richie in Florida; Michael moved to Jersey and sold *The Rascals*.

Others had passed on syndicating *Wheel*. But the Kings combed through nine years of ratings books and noticed something.

"I had *no* money," Roger says, at his desk in his mid-Manhattan office, eating pizza and looking around for a napkin. "I was literally hungry sometimes." Hired at WKID-TV in Miami-Ft. Lauderdale (another money-loser) as general sales manager, Roger and an investor bought the station's overnight time and turned it into an all-night movie/interview show with Roger as salesperson *and* host. *The All-night Show* reached cult status and Roger was a local celebrity. Once again, he was making money. Michael joined him in '76 and Bob took over King World.

Their success with *The All-night Show* convinced them they should buy WKID. But when station management got wind of the money made overnight, they threw the Kings out, keeping the advertisers and the show. Eventually, all but Richie (now in real-estate development in Florida) converged in Jersey to work for King World. Sisters Karen and Diane were also working for the company at this point. By 1977, King World had become a significant business with about $2 million in receivables. *The Rascals* (racist overtones edited out) was in about 180 markets; *The Butcher*, a 90-second drop-in feature, was generating about $500,000 a year; and Hudson Bay stores in Canada was merchandising Rascals kids' clothes.

But not until they went to work for Dick Colbert in 1978 did the Kings play in syndication's big leagues. Colbert Television Sales was the distributor for production company Barry & Enright, and Roger, Bob and Michael agreed to pay their own way in return for commissions on sales of *The Joker's Wild*, *Tic Tac Dough* and other shows in markets east of the Mississippi. Commissions on $60 million went back into King World. But trouble started when King World syndicated *Soap World*, and hired Colbert as subdistributor. In September '82, they were fired. But by January '83, they tied up rights to *Wheel of Fortune*.

Syndicating a game show in prime time access in the early '80s did not seem like a good idea. Net-

PRODUCT PROFILE

PROGRAM	RUN	TERMS*	NO. MARKETS
Wheel of Fortune	'83-present	C+	207
Jeopardy!	'84-present	C+	197
The Oprah Winfrey Show	'86-present	C+	199
George Schlatter's Comedy Club	'87-present	B	121
Nightlife (with David Brenner)	'86-'87	C+	101
The Rock 'n' Roll Evening News	'86-'87	B	138
True Confessions	'86-'87	C+	92
Women of the World (specials series)	'86-'87	B	106
Dick Clark's Nitetime	'85-'86	C+	91
Headline Chasers	'85-'86	C+	129
Soap World	'82-'83	B	83

Library
The Little Rascals (series)
Topper (series)
The Guns of Will Sonnett (series)
Sherlock Holmes (13 films)
The East Side Kids (13 films)
Mr. Moto (9 films)
Charlie Chan (11 films)
29 Assorted films (including Hitchcock's *Under Capricorn*, and *Joan of Arc*, starring Ingrid Bergman)

*B = barter, C = cash, C+ = cash plus barter work affiliates, worried that cable would best them in community relations, were filling the access time with local newscasts and magazine shows. But in numerous markets, viewers were switching to indies for entertainment. King World spotted an opportunity. In 1982, *Family Feud* was number one in syndication, and King World set its sights on a game to run in access. It considered *The Price is Right* and *Wheel of Fortune*, but only *Wheel*, a Merv Griffin production on NBC daytime, was available.

Others had passed up the opportunity to syndicate *Wheel*. But the Kings combed nine years of ratings books from 150 markets, and noticed something: *Wheel* usually came in third, but it almost always improved the ratings of the time period it moved into—with no promotion.

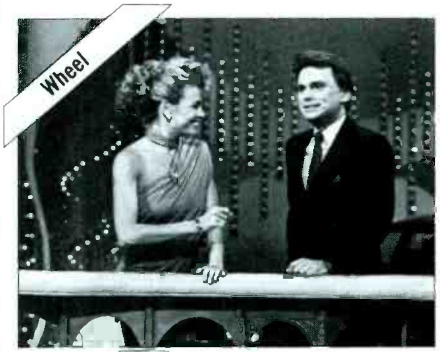
They sold the show only to affiliates and, with no entrée into the major markets, their smartest move was to forego barter advertising if it meant settling for poor time periods on second-rate stations for 70 percent clearance required by national sponsors. Such circumstances, they believe, killed *Soap World*.

In April '83 they bought the rights to Griffin's *Jeopardy!*. In the fall, *Wheel* launched with 43 percent of the country and was, literally, an overnight success. Stuart Hersch, King World's attorney for five years, was hired as chief operating officer in November and took the company public in December '84. Shortly afterwards, the stock took off from its $1.67-per-share IPO price to its peak of $33.25 in August '87 (two splits later). *The Oprah Winfrey Show* hit in September '86, and shot off like a rocket. But Bob did not share in the windfall. Before King World went public, he was bought out, at his request, for $1.7 million. Bob (conservative) and Roger (always shooting for the moon) were not getting along, explains Michael.

King World's ascent has been remarkable. In 1984, profits grew from $649,000 in '83 (on $8.1 million in revenues) to $3.3 million ($29 million in revenues). The story is the same in the years that followed: 1985 profits, $9.8 million; 1986, $19.8 million; 1987, $33.9 million; 1988 projections, $48.5 million.

And though the shows that produce that kind of money may look simple, the Kings take nothing for granted. "They study a market inside out," says David

'It's not that we don't have faith in the shows. It's just hard to commit for four years. What if we get stuck?'



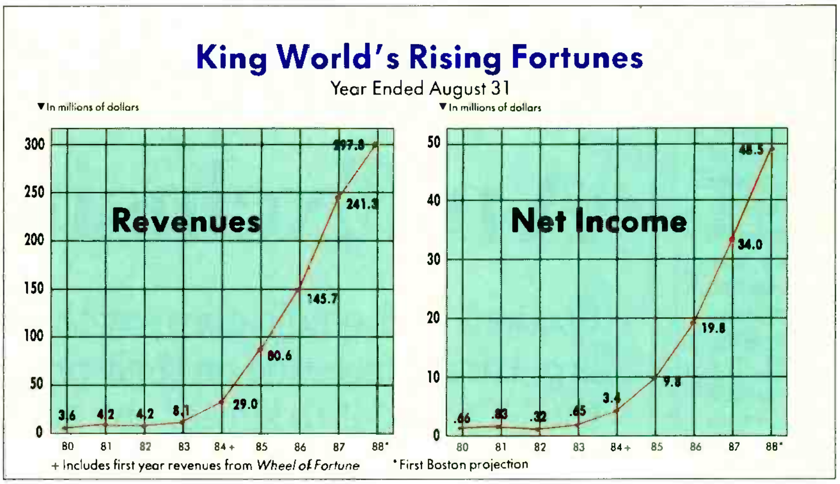
Sams, former King World vice president of creative affairs, who recalls workdays with Michael ending at 4 or 5 A.M. "They'd get addicted to a market, a station, a time period. They know where those shows will work." Adds Phil Jones, v.p. and g.m. of KCTV in Kansas City: "Roger's as close to a carnival barker as you can get. There's nothing you can tell him—if he's giving you reasons why *Wheel* will attract women and you say you want men, he'll give you a dozen reasons why it will get men."

And the selling doesn't end at the stations. About $5 million a year is budgeted for marketing and promotion—the bulk from the shows' producers—for *Wheel*, *Jeopardy!* and *Oprah*. Most of the campaigns center around the shows' stars. "It's pretty hard to picture Vanna a superstar," says Michael. "But she is." King World, he says, took a page from the old studio star-system book, where movie leads were promoted and sent on the road for six weeks before a release. But King World does it year round. Last year, some 4,000 personalized spots were produced and given to stations.

As the success of the shows has grown—along with the fortunes of the stations carrying them—King World has gone back to markets to renegotiate contracts. That few station managers would be quoted about their discontent with increased license fees—300 percent in some cases—is perhaps a sign of the Kings' power. "In some markets we gave *Wheel* away free because they were tough to crack," explains Roger. But in an industry where stations have traditionally had the upper hand, the prices sting. "The difference between love and rape," grumbles one broadcaster, "is a matter of style."

Still outstanding is a lawsuit against King World filed by Outlet Communications in 1984. It alleges that King World demanded Outlet's Orlando station (now owned by First Media Corp.) buy *Jeopardy!* and the short-lived *Headline Chasers* if it wanted to renew *Wheel*. When Outlet refused, King World sold the shows to the competition. King World denies the charges.

Syndicators, on the other hand, commend King World for bringing parity in pricing and production quality to first run. "Stations cheated distributors and tore their product apart for years," says Dick Colbert. Adds Peter Lund, president of Multimedia and former head of CBS's station group: "Stations may not be happy about the prices, but no one's losing money on these shows. The Kings aren't just making up numbers. They know what stations are selling time for and what profit they'll make. If you have moderate price increases, everyone loves you. Then the day comes when those three shows are history and they're out there with run-of-the-mill product. None of those stations will say 'You guys were so good to me, I'll buy it.' No chance."



Typically, a game show has a seven-year life in syndication, and with King World trying to wrap up four-year contracts for its shows, stations are concerned that *Wheel* and *Jeopardy* might be showing signs of age. They point to *Wheel*'s slight drop in about ten markets and *Jeopardy*'s drop in about four. *Wheel* is also tending to attract a slightly older audience. But HUT levels are down overall, and the shows still have a firm lead at a time when people meters have wreaked ratings havoc. There's been little change from November '86 (*Wheel*, 19.3 rating and 33 share; *Jeopardy*, 12.3/26) to November '87 (19/32, 12.1/26, respectively). *Oprah* in the same time has moved from number eight to number three.

"It's not that we don't have faith in the shows, it's just hard to commit to four years," says Bob Sutton, of Media General Broadcast Group. "What if we get stuck? I'm a CEO and I'm not interested in excuses."

"How long will the shows last?" grumbles Roger. "As long as there's not another show to beat me. *Wheel*'s the number one show in the history of television. Now we're saying, here's a franchise for four years. And we set fair increases. They're bidding on *Cosby* for four years. Why am I different? If they don't want four-year deals, we have three-year deals. Sometimes you can't sell them at all."

Long-term contracts, says PaineWebber's Isgur, will allow the Kings to work on other shows. "Everyone thinks these guys walk on water and are waiting for them to fall," says Isgur. "They don't remember that a lot they've done *has* failed." At 1986's NATPE, King World launched five shows: *Oprah*, *Nightlife*, *True Confessions*, *Women of the World* and *Rock 'N' Roll Evening News*. Just one stuck. There were other ill-fated ventures, including *Headline Chasers* and *Dick Clark's Nitetime*. Produced by others, the shows suffered from conceptual, production and competitive problems. But King World parlayed them into good stations and time periods, cut its losses and walked away virtually unscathed.

Out of radio Charlie King tried a variety of schemes: Food Plans, Santagrams and Jackpot Golf.

The hardest part of the next phase may be determining what to buy. The Kings have bid on TV stations, but refuse to pay what they think are inflated prices. And as Viacom's Biondi points out, there aren't many unaffiliated syndication companies worth buying. The Kings were interested in Merv Griffin Enterprises, but were not considered at the time of the sale. They were also part of a group that was to bid on Viacom. Jessica Reif, analyst at Arnhold and S. Bleichroeder, says the Kings have been smart to hold off on purchases. Since the October crash, cash-rich companies have the upper hand, and prices are likely to come down. In the meantime, the company is trying to cushion risks by building revenues from its merchandising division (a $5 million business), Camelot (which sells barter advertising for Buena Vista Television and MGM and represents about a third of King World revenues) and foreign distribution.

At King World's peak stock price in August '87 ($33.25), Roger, Michael, Richie and Diane were worth about $100 million each. Stu Hersch was worth about $25 million; the company, about a billion. But success was causing problems. Karen, in violation of a legally executed family agreement, cashed in half of her shares. Michael didn't speak to her for more than a year, even though they are next-door neighbors. The incident was fuel for critics who say family squabbles are a weak link in the company. But, as longtime associate Ritch Colbert says, "Despite the problems, the family's extremely close-knit."

Stu Hersch's sudden wealth contributed, at least in part, to his September exodus. Lee Isgur says "tolerances diminished" as King World and its principals became wealthy: "Here was Stu, a millionaire. A lot acknowledge he was very much a part of the growth of King World, but he's got to be sitting there thinking, 'I can do it without them.' If the intolerances hadn't developed, there might have been a greater effort mounted to keep Stu."

Hersch's departure caused some concern on Wall Street, where he was King World's front man. Oppenheimer & Co. analyst Dennis McAlpine, citing potential problems in the "delicate balance of personalities at King World," removed it from his recommended list. But others were less bothered and expressed confidence in Steve Palley, who was senior v.p. and general counsel before becoming COO. Hersch, who has maintained a low profile since leaving King World, says simply: "It was time. The company was in good shape. We worked hard, often 15 to 18 hour days, often seven days a week, for four years."

The "intolerances" were likely complicated by Roger's February '86 arrest in Ft. Lauderdale, where he was charged with strong-arm robbery, auto theft and possession of cocaine after fighting with a cab driver and taking the car. The strong-arm charges were dropped and Roger, on two years probation, completed a month-long rehab program last spring. "I was drinking too much," he says. "I dealt with it and it's over. In a lot of ways it was a Godsend. Success is intimidating. It surrounds you. Everyone yesses you and no one tells you what you're doing wrong. I think I was reaching out for help."

Also in February, Coca-Cola offered to buy King World at a price "a little north" of $550 million, says Biondi, president of the television division at the time. But the Kings walked away from the deal. Analysts say the price was low and, McAlpine adds, the Kings feared getting lost in the Coke machine. For a company so closely linked to the identity of its principals, that's no small consideration—for the Kings, or for anyone who may consider buying them.

It's late afternoon in Manhattan and from Roger's 35th floor office, you can see dusk setting over Central Park. He points down to the buildings housing Cap Cities/ABC and CBS. "Got to keep my eye on them," he laughs. As with most of Roger's jokes, one wonders if it's really meant to be funny. Michael has said how he admires and has tried to adopt the management style of Cap Cities—the minnow that swallowed the whale. And it was, after all, only five years ago that King World was a small, family-run company in Summit, N.J. Perhaps the Kings' network pals should think twice before laughing. ●

Fighting for An Exclusive

Stations and syndicators say the cable industry is getting a free ride on their programming. Is the FCC about to agree? BY RICH ZAHRADNIK

Cable television's hall-of-mirrors phenomenon—where the same syndicated program shows up on different channels at various times of day—could be near an end if the Federal Communications Commission reinstates rules that ensure local TV stations' exclusive rights to the syndicated programming they buy.

For seven years now, cable systems have been free to import distant TV signals into their markets, even if those stations carry syndicated programming also bought by a local outlet. As a result, a cable viewer can catch a favorite sitcom like *M*A*S*H* on an out-of-town station, then see it again on the local station licensed to carry the show. Cable systems have increased distant-signal importation as channel capacity on systems has expanded. Stations, meanwhile, claim they've been hurt because the programming they buy is no longer theirs alone.

The FCC stepped into the picture last spring, beginning a proceeding that could see the agency impose some form of syndicated-exclusivity regulation. The rules would not be new to the industry, since similar regulations were in place up through 1980. In that year, however, the commissioners repealed the regulations—known as the syndex rules—finding they no longer served the public interest. The agency cited economic studies showing that cable retransmission of syndicated programming did not pose a threat to local broadcasters. Further, it found the rules had a negative impact on the public's viewing options.

But the FCC now says the video marketplace has changed such that exclusive licenses for syndicated programming should be returned to stations. Most Washington observers say the FCC—led by chairman Dennis Patrick—is also trying to correct problems it sees in cable's compulsory license, the copyright provision that allows cable companies to pay a set percentage of their revenues for the right to carry distant signals. The FCC is dissatisfied with the compulsory license because it is not a marketplace mechanism negotiated by the affected parties, observers say, and it wants to use syndex as a substitute.

The FCC has been taking in comments since last April 23, when the commission officially gave notice it was considering new syndex rules. "We're now trying to sort through the comments and decide what we want to do," explains Ken Gordon, FCC industry economist in the Office of Plans and Policy. "We'd like to have something by late winter, early spring."

It's clear, though, the agency is keen to bring back some form of syndex. "Obviously, the agency doesn't issue a notice unless something in the same ball park might happen," says Gordon, whose office has responsibility for the proposed rules. "The compulsory license causes problems," he continues. "Those copyright issues are really the province of other agencies. [The rule making] isn't trying to undo the copyright act; it's trying to deal with some of the results of it."

In their comments to the FCC and in interviews, broadcast and cable executives have so far taken predictable positions as to whether bringing back syndex would be in the public good: broadcasters say yes, cable says no.

Station owners maintain the current situation simply provides the cable industry with another advantage, while rendering stations' programming contracts meaningless. David Lane, president and general manager of WFAA in Dallas/Fort Worth, points to a situation in South Dakota where the local station with the contract for *Wheel of Fortune* must watch every night as a cable system imports *Wheel* one hour earlier.

I'm told a number of broadcasters have been hurt and they can show it in dollars and cents and in ratings," Lane says. "Specifically, has my station been hurt? No." Elsewhere, however, unwanted competition abounds. In Kansas City, independent KSHB v.p. and general manager Bob Wormington says out-of-town stations on cable systems carry both *Star Trek: The Next Generation* and *Barney Miller* at the same time as his station. "These are key programs—just as important for us as the network programming is for affiliates," Wormington says.

Syndicators, for the most part, support stations' views. Paramount's Lucie Salhany, president of domestic TV/video programming, says, "It's very important to Paramount. Stations are our clients, and they should have exclusive rights to our programming in their markets."

Dick Robertson, a member of the office of the president at Lorimar Telepictures, takes the strongest stand in supporting reinstatement. "The compensation we get from cable is not commensurate with the value they receive," he says. "And [cable's use] inhibits our ability to get maximum revenues from broadcasters." Robertson notes his company has nothing against the cable industry—they're clients, too. "But when we sell programs to them on an exclusive basis, independents can't take *them* and retransmit them. . . . It's just not a level playing field."


NCTA's Mooney.

America's cable households 'are going to be damned annoyed' if distant signals are blacked out.

The cable industry, however, predicts massive consumer confusion and a storm of complaints under syndex. Michael B. Isaacs, director of development, regulatory and legal affairs at the Providence Journal Co., which owns Colony Cable, warns, "This would be very troublesome for the cable operators, mainly as a consumer issue. There's the problem of explaining what is going on with the blacking out of programming."

Inside the Washington Beltway, meanwhile, debate on syndex has gone beyond what would be in the public good, to what the FCC can do legally. The National Cable Television Association claims the 1984 law that deregulated the cable industry specifically bars the government from imposing new rules that affect cable program content. That would include syndex regulations, the trade group says.

NCTA president James Mooney faults the commission for using syndex in an attempt to fix what it doesn't like in the compulsory license. "There obviously is continuing controversy over the compulsory license and the importation of distant signals by cable systems," Mooney says. "I don't think the controversy is going to be resolved by the imposition of syndex rules. Indeed, it seems to us to be bad policy for the government on the one hand to be effectively encouraging the importation of distant signals via the copyright act, but on the other hand to require holes be poked in the signals."

And then there's Mooney's estimate of the impact on viewers: "You've got


NAB's Baumann.

'Congress, in adopting the cable act, clearly envisioned things like must carry and syndex.'

43 million households out there that are used to getting distant signals, that are used to seeing programming on those signals. They are going to be damned annoyed if you take those signals away."

Besides, superstation WTBS said in its comments, the FCC doesn't have jurisdiction over syndex. "The imposition of blackouts is going to create an enormous amount of consumer inconvenience," warned Bert Karp, the company's governmental affairs v.p.

According to an NCTA survey of 107 cable systems, more than 35 percent of TV stations carried on those systems would be subject to programming blackouts required by new syndex rules. The 107 systems carry an average of 3.4 distant signals each. In one cable system, 25 percent—or 199 weekly hours—of programming from five distant signals would be subject to blackouts, the association reports. The cable system would probably end up "dropping the stations altogether," the trade group added. That may not have much of an impact on the imported station or the local cable system, but it could prompt a flood of angry calls from consumers.

"I wouldn't call it scare tactics, I'd call it advocacy," is the polite reaction of Jeff Baumann, senior v.p. and general counsel of the National Association of Broadcasters, to NCTA's dire forecasts. "I don't envision [syndex] as being a problem. Remember, you had syndicated-exclusivity rules before, in the 1960s and 1970s," he explains. "This is syndicated exclusivity where the local broadcaster is going to request it. I don't think those horror stories are going to be borne out."

Nor does Baumann go along with Mooney's reading of the cable act as barring new syndex rules: "We think the Congress in adopting that language clearly envisioned things like must carry and syndex as being permitted." The Association of Independent Television Stations (INTV) takes an even stronger stand, arguing that Congress expressed support for syndex rules in the mid-1970s. Every version of the legislation that created the compulsory license, except the final version, included a statutory provision for programming exclusivity, according to INTV president Preston Padden. But in the final version, the rules were removed at the request of then FCC chairman Dean Burch, who told Congress the commission would fine-tune the rules so the compulsory license would not interfere with broadcasters' program contracts.

'The agency doesn't issue a notice unless something in the same ballpark might happen,' says the FCC's Gordon.

Padden says that history lesson comes straight from Burch, who, as senior partner in the Washington law firm Pierson, Ball and Dowd, worked on INTV's comments to the FCC in the current syndex proceedings. "Cable operators will not under any circumstances be required to delete programming that is not otherwise available in the local community," Padden concludes. "By [the rule's] very nature, the only time they would have to delete *The Cosby Show* from an incoming signal is when it is licensed to a local station."

At the FCC, economist Gordon also doubts cable's talk of deprived consumers and cable schedules resembling Swiss cheese. "We don't know how much syndicated exclusivity would be bought," he advises. "We don't know whether people, if they actually had to pay for exclusivity, would buy it. We don't know the extent to which cable systems would provide alternative programming."

Perhaps the biggest unknown for everyone involved is Congress. As a result of a federal appeals court's decision in December to overturn the FCC's must-carry rules, negotiations on new carriage rules could move to Capitol Hill, at which point syndex could get thrown onto the bargaining table.

That now seems particularly likely since the Senate communications subcommittee is looking toward holding hearings on must carry. "The issue . . . is going to be a topic for the next calendar," confirms a spokesman.

"The must-carry decision obviously gives us some more leverage," says one cable insider, "and I think as a political matter, syndex is probably going to figure into that." Baumann at NAB confirms that he and NAB president Edward Fritts have met with Mooney on must carry. As Baumann notes, "In negotiations with the cable people and with people on the Hill to try to fashion some new local-carriage rules . . . anything is open for discussion." ●

Cable systems in Kansas City import *Barney Miller* (above) at the same time KSHB runs the show.

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FRIDAY 3/4

SUBARU ASPEN WINTERNATIONAL
(THE WORLD'S BEST WOMEN SKIERS MEET
FOR AMERICA'S ONLY '88 WORLD CUP EVENT.)
"AMERICA'S DOWNHILL" TONIGHT, 8PM

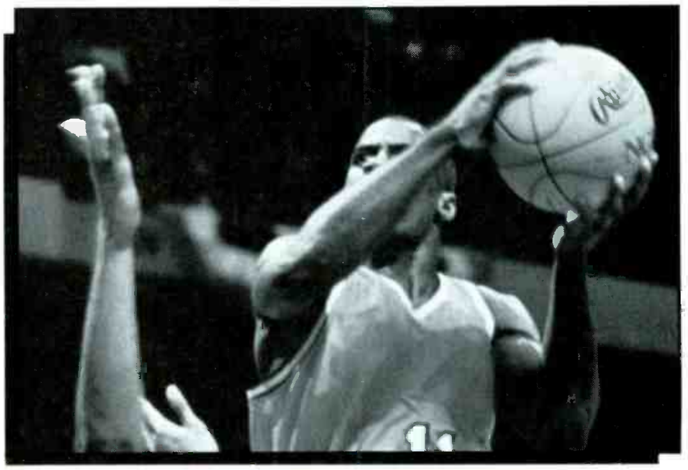
BUDWEISER PRESENTS:
TOP-RANK BOXING
FROM LAS VEGAS—TONIGHT, 9PM

SATURDAY 3/5

COLLEGE BASEBALL
UCLA AT STANFORD—TODAY, 2PM

SUBARU ASPEN WINTERNATIONAL
WOMEN'S GIANT SLALOM—TONIGHT, 6PM

COLLEGE BASKETBALL
MISSOURI VALLEY CONFERENCE TOURNAMENT:
1st ROUND—TONIGHT, 7PM



SUNDAY 3/6

NASCAR GOODWRENCH 500, ROCKINGHAM, NC —NOON

SUBARU ASPEN WINTERNATIONAL
WOMEN'S SLALOM—TONIGHT, 6PM

COLLEGE BASKETBALL CHAMPIONSHIP WEEK BEGINS
(LIVE COVERAGE OF 20 CONFERENCE
CHAMPIONSHIPS THROUGH 3/13)
SOUTHERN AND AMERICAN SOUTH
CONFERENCES DOUBLEHEADER—TONIGHT, 7:30PM

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The State of the Deal

A few hot programs are changing the very nature of the syndicator-station relationship, and guess who's giving up the most? BY CAROL HALL

In the midst of one of the toughest selling seasons ever for most syndicators, a few "must-have" shows have nonetheless spawned extraordinary deals, unique in the number of concessions and the degree of control they exact from stations: Two- and three-year contracts for first-run shows; syndicator control of episode air dates; cash-plus-barter terms for off-net sitcoms. Contracts now include reams of restrictions, and stations must prove their credit-worthiness before being allowed to sign on the dotted line.

"Will these demands spread?" asks Jack Fentress, v.p. and director of programming at Petry National Television. "No, because most programs don't have the strength to get away with it."

Yet the shows for which the demand is positively feverish *have* broken new ground, mainly for syndicators. "The winners are getting more creative in writing deals and I think they aren't to the advantage of the stations," says Deb McDermott, NATPE president and station manager of WKRN in Nashville. "What that means is, many times shows cost us more money, and we have to make commitments far in advance."

Progressively trickier contracts—coupled with rising program prices and an increased awareness of the bottom line—have led broadcasters to become more financially sophisticated. In many cases, they now approach the negotiating table with a team of people. "I don't think you're going to see program managers sitting alone in a room with sellers so much anymore," says Jim Lutton, program director at WFSB in Hartford, Conn. "There are more buyers in that room—a general sales manager, promotion people. It's not strictly a program manager's call anymore."

These new "super-deals" have accentuated the two-tiered nature of a marketplace where a few ground-breaking sales tower over the majority. But they've also introduced new possibilities into syndication, and are bound to have some effect on hordes of future deals.

Multi-year contracts have long been the norm for off-network series, but they were a rare bird among first-run shows until King World came to the game. Over the past couple of years, King World has signed stations to two-year contracts for *Wheel of Fortune* and *Jeopardy*. And now the company is going back and pressing stations to sign into 1991 and '92.

HAL MAYFORTH

Particularly in the case of *Wheel*, says Larry Cazavan, program director at WTSP, Tampa/St. Petersburg, "it's a smart marketing tool for King and a bad move for the stations." The average life span of a game show, according to industry consensus, is five to seven years; thus *Wheel*'s ratings could be in decline come 1989. "It's money in the bank for King World, regardless of whether *Wheel* does a 20 rating or a 2," says Cazavan.

Roger King, chairman of King World, acknowledges the five-year average longevity rate. But, he notes, "that includes all the failures, too. With *Wheel*, we're talking about the number one strip in the history of syndication. We don't see any erosion at all."

The two-year contract does seem to be taking hold among syndicators. It not only guarantees funds for production, it gives a show time to catch on with viewers. GTG, the Grant Tinker/Gannett team, is pushing, though not making mandatory, a two-year sign-on for *USA Today*. GTG's senior v.p. of marketing, Joel Berman, says the show, which will be challenging the game shows in access, will need a tremendous amount of promotion to succeed. "We need to get viewers to change their habits. Unlike a game show, *USA Today* needs a stronger commitment from stations," he claims. (Stations report that syndicators are increasingly willing to come across with co-op promotion dollars. GTG plans to use co-op; King World already does.)

"What GTG is doing is very smart," says Shelly Schwab, president of MCA TV Enterprises. "They're saying, 'We need that time to develop the show—13 weeks just isn't enough.' " MCA asked for a two-year commitment for its *Charles in Charge* (a co-venture with Tribune), a canceled network show with a limited number of episodes. A longer contract helped finance the making of more shows.

Viacom is also among those proposing two-year contracts. According to Joseph Zaleski, president of domestic syndication at Viacom, its *Double Dare* (from Nickelodeon) at press time had 74 stations committed to a double-year run. And it recently signed the CBS O&Os to a two-year deal for *Business This Morning*, co-produced with Financial News Network. Zaleski says Viacom was able to swing the longer deals because *Double Dare* and FNN have proven track records on cable.

It's not necessarily a bad idea for a station to sign on for a longer run. Most two-year commitments have built-in second-year price increases in the neighborhood of 10 to 15 percent (*USA Today*'s, for example, is 15 percent). That can be a godsend to stations if a new show takes off. After *Wheel* and *Jeopardy* began breaking records, King World was "in the driver's seat," groans one station manager. In fact, Roger King maintains it was the stations who asked King World for the longer terms: "They didn't want to negotiate every year—they said it was too devastating," he quips.

Some station people, however, complain that the longer terms complicate matters. Before, if a show didn't do well, stations dropped it. Now, they argue, they're stuck for two years. But chances are, if a show bombs big-time, the syndicator will want out of the contract, too. The real problem for stations could be the shows that are merely mediocre, which many prove to be. Then they're stuck with a show they essentially overpaid for.

The *Cosby* sales contract is another rarefied breed, full of unusual twists, and worth reviewing. Ignoring *Cosby*'s astronomical fees for a moment, what may be more important to the industry is Viacom's tactics in selling the off-net show. "We're selling this as a first-run deal," boasts Zaleski.

Specifically, Viacom tacked on a barter minute to each episode, which stations must surrender in addition to the cash license fee—an unprecedented demand for a recycled show.

Viacom will be feeding the show to its stations via satellite—common in first-run, but rare for off-net fare. This way Viacom can retain "day-and-date" control over precisely when and how often each episode airs. That was a non-negotiable facet of each deal. (A station can record the feed for tape-delaying, but must agree to then destroy the tape.)

Admits one general manager, 'What stations consider sophisticated financial modeling would make a banker laugh.'

Zaleski says this is so "you won't have the Christmas episode running in July." While it's doubtful that would happen, it does prevent certain episodes from being aired too often. Others point out that it makes it possible for Viacom to promote an episode nationally, although at this point the syndicator has no plans to do so. In contrast, King World has final say over daypart placement of its first-run *Oprah Winfrey Show*, but grants stations control over the order in which episodes are shown.

While satellite transmission cuts out stations' cost of shipping show tapes around, day-and-date control sacrifices an element of station autonomy. "What if we've got an emergency and need to fill in a 30-minute run?" asks Deb McDermott. Says Petry's Fentress, "It's the ultimate in regimentation."

Viacom raised eyebrows during *Cosby*'s rollout by conducting a credit check on each of the 165 stations that bought the show—10 independents and 155 affiliates. But stations don't seem to mind. "I have no problem with that and completely understand why they did it," says John Clark, program director and senior executive producer at WHIO in Dayton, Ohio. "I think this will become more standard," predicts Janeen Bjork, vice president and director of programming at Seltel. "Too many syndicators have gotten stuck."

As extra insurance, *Cosby* included a "cross-default" clause, which states that if a station defaults on payments for one show, all show contracts with that syndicator are in default. It's something stations report they are seeing more of from other syndicators as well.

Finally, as the super-shows continue to set fee records, the subject of prices can't be ignored. Jim Waterbury, president and general manager at KWWL in Waterloo, Iowa, says a station's financial wizardry used to be on the order of, "I'll pay three times what I can get for one spot." Now, he claims, stations do more to figure out how best to approach a deal—or whether to bid at all. Still, he admits, "I think what stations consider sophisticated financial modeling would make a banker laugh."

Stations buying *Cosby* paid roughly 75 to 150 percent more than they had ever paid for a show. (A sample: in New York, $240,000 a week; Denver, $38,000; Charleston, S.C., $12,000.) That would seem to represent a significant change in attitudes toward fees on both sides of the deal.

It's questionable, however, whether prices will spike like that again in the near future. For one thing, network-saving shows like *Cosby* don't come around very often. For another, two other high-priced off-net shows—*Cheers* and *Family Ties*—aren't living up to ratings expectations in syndication. If *Cosby*'s performance fails to match its price tag, the off-net market could experience its own Black Monday.

Joe Zaleski doesn't see that happening. "There is every indication that the *Cosby* record will be broken," he says. "As long as stations need to be number one, they're going to pay the prices." But will those prices just be monetary? The ground-breaking super-deals of today could force stations into making all sorts of concessions at bargaining sessions to come. ●

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Screening Group Dynamics

Waiting for NATPE sometimes just isn't enough. So each December, some 100 affiliate stations arrange a programming sneak preview. **BY NEAL KOCH**

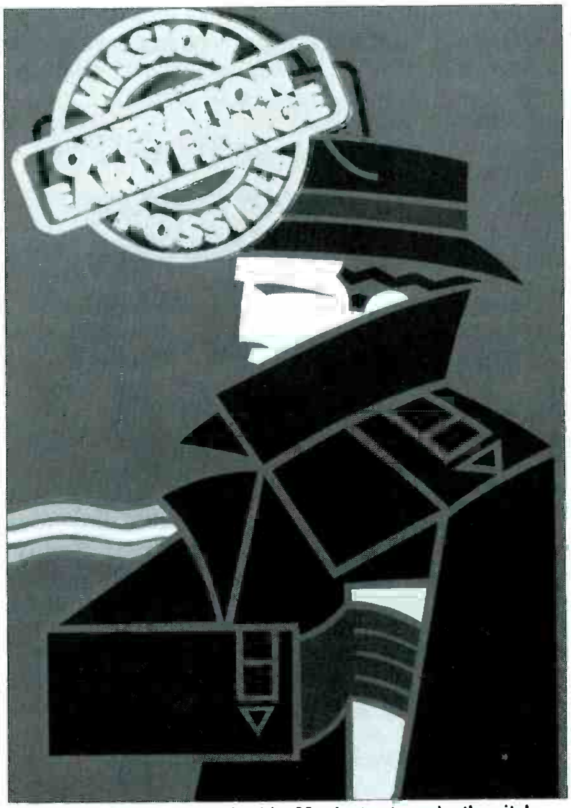
The legions came. One at a time, hour after hour, they took the lectern. "Absorbing," they insisted; "breakthrough," each claimed. As the lights faded, they pointed to the flashing images of skin, tears, puzzles and prizes that washed over the audience, numbing it as each day went on.

But the assembled TV-station managers and programmers sat dutifully still, studying the salesmen parading before them, scratching notes and posing the occasional question, all in the search for guidance in spending their programming budgets, filling their time slots and studying their competition. Even in Los Angeles, December's cold winds whistled outside the hotel as stations—all but one, network affiliates—gathered to guess which first-run shows would heat up fall 1988.

Screening-group season had arrived. "It's tiresome," John Proffitt, v.p. and general manager of WRTV in Indianapolis, acknowledged with a sigh shortly after returning from three days of end-on-end pitches at one such meeting. "But you learn a lot."

In California and New York, growing numbers of major-market station executives gather for these annual previews, a stab at keeping up with the competition in a broadcast world where, each year, the stakes seem higher, audience judgments more swift and the price of failure more costly. It's a world in which waiting for the National Association of Television Program Executives' convention is no longer enough. Proclaims Dean McCarthy, a former member of the NATPE board who in 1987 launched a screening group for clients of his present employer, rep firm Harrington, Righter and Parsons (HRP): "Today, if you take the position that you'll wait till NATPE to make buying decisions, you won't have any decisions left to make. We, and stations around the country, have been looking at product since November."

Today syndicators are sending their salespeople calling on stations around the country earlier and earlier in an effort to get a head start on the competition. To keep up, some 100 affiliates in at least four major screening groups now invest their time, money and stamina in marathon sessions with as many as 41 syndicators.



An LBS screening-group sales kit: 20 minutes to make the pitch.

Originally, though, screening groups were conceived of as a way of beating the market. "We just wanted to get a jump on our competitors," recounts Dick Thiriot, the Salt Lake City-based consultant who may have started it all by organizing a 1978 Phoenix outing for the Combined Communications group of seven stations, later bought by Gannett.

Stations' need for first-run programming surged after regulatory restrictions were imposed on affiliates by the FCC's Prime Time Access Rule. Beginning in 1971, the rule effectively eliminated half an hour of prime time network programming each night in the nation's top 50 markets. That left affiliates with time to fill; first-run programming grew ever more valuable.

Gannett's broadcasting group, then based in Denver, continued with the screenings begun by Combined Communications. Among Gannett's stations was KBTV, now KUSA, and that put McGraw-Hill Broadcasting Co.'s Denver station, KMGH, at a disadvantage. "Even though Denver was a big market," recalls John Proffitt, then program director for McGraw-Hill, "not everybody [syndicators] was coming in by the time we had to make decisions." He launched the McGraw-Hill screening group in 1981.

Shortly thereafter, the Association of Independent TV Stations (INTV) sanctioned and brought out into the open the "underground" screenings that syndicators had been offering in hotel suites at INTV's conventions, assuring indies of a programming preview.

By 1984, Lon Lee, vice president and program director of Denver's KCNC, was pretty frustrated by all of this. "We were sitting here among three big television stations—owned by McGraw-Hill, Gannett and Tribune Broadcasting Co. [independent KWGN]—and we got last look at product." So he organized the Television Screening Group, now one of the two largest affiliate groups. In 1984, about 16 stations attended. By 1987, there were 32.

Lee set another chain of events in motion by in turn frustrating Stan Marinoff, then with Hearst's WISN-TV in Milwaukee. Lee's group included

Marinoff's competition—WTMJ, owned by Journal Communications. "We wanted to get a preview," too, recalls Marinoff, now v.p. and general manager of WRDW in Augusta, Ga. But Marinoff couldn't get into Lee's group: TSG banned more than one station per market from its sessions, citing antitrust concerns. So Marinoff formed the December Group, which grew from 18 stations in 1985 to about 30 in '87. Both Marinoff and Lee have since turned over the reins of their groups to successors. Still, the two organizations met during the same week this past December, just blocks apart in the Century City section of Los Angeles, allowing the syndicators to shuttle between sessions and cocktail parties in a matter of minutes.

That still left some major-market affiliates locked out, however, so outside organizers jumped in. In 1987, HRP sponsored a group of 25 stations in New York during the same days the December Group and TSG were meeting in Los Angeles. The week before, McGraw-Hill had welcomed into its sessions stations from the Media General Broadcast Group and Fisher Broadcasting.

So the screening tapes roll on, but with a different purpose than Dick Thiriot originally envisioned: "It's no jump at all [on competitors] nowadays," he says. "It's just keeping up."

"It becomes a defensive thing for stations," says David Ingraham, senior vice president of finance, planning and administration for McGraw-Hill Broadcasting. "Stations don't want to be left out in the cold."

The sessions even attract stations without intentions of buying, by exposing the hands their competitors are likely to play. For instance, while Gannett's KUSA in Denver locked up *USA Today* before TSG met last December, Lon Lee still flew to Los Angeles, in part, he says, to get as much of a peek as possible at what his KCNC will be up against. And Harry Apel, vice president and general manager of Tampa's WTVT, said during a break outside the December Group screenings at the Beverly Hilton Hotel that he had few time slots to fill and had done most of whatever buying he needed well before the group convened. But, he added, "You never make a programming decision in this business and stop."

Why screen? 'The more stations you lock up by NATPE,' said one syndicator, 'the more sheep will follow.'

Station officials also say they choose to abuse their eyeballs at screening groups because of the alternative—an unbridled NATPE. "This is a more businesslike approach," says December Group member Harold Crump, president and CEO of Crump Communications Inc., owner of WCSC in Charleston, S.C. "NATPE is a wonderful thing, but it's turned into somewhat of a circus." Beyond the main event of 200-odd exhibitors, there are the sideshows of industry seminars, group meetings, IRIS awards and social functions. Even diligent buyers can be frustrated. "Half the time you can't get into a booth," Jerry Danziger, v.p. and general manager of KOB-TV in Albuquerque, N.M., complained during a TSG session. "NATPE," acknowledges December Group founder Marinoff, himself a former NATPE president, "is a bit of a zoo."

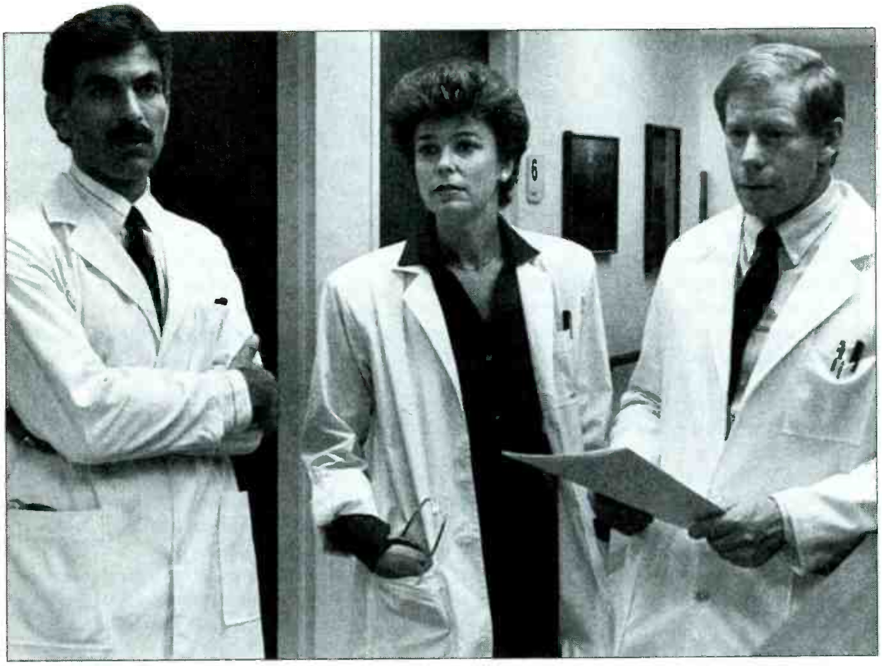
Screening groups probably can't replace NATPE, but some argue that they can make it more efficient. A screening group provides a preview of the shows for sale, enabling buyers to decide which shows they're really interested in and to focus their efforts once they hit the convention floor. That's especially important for group executives with officials from their small-market stations in tow, says Dusty Davidson, manager of the Oregon division of California Oregon Broadcasting Inc.

Whatever the reasons, demand for the groups has clearly grown—to the point where TSG put a ceiling of roughly 30 on the number of stations it allows into its sessions. Syndicators, though, seem less than thrilled with the process.

To be sure, capturing the undivided attention of 30 stations at once is a rare opportunity. "They're not here to look for jobs or play golf," Carl Menk, senior vice president of All American Television Inc., said as he paced nervously outside the December Group's room at the Beverly Hilton, waiting to make his pitch. "It's a far more sober environment than NATPE."

Moreover, general managers—that elusive breed to the traveling salesperson—attend the screening groups. Signing them up early helps influence smaller stations, which often follow the lead of their larger brethren. "The more stations you lock up by NATPE," said one syndicator who asked not to be

The hosts of Group W's *Getaway*: Even a little titillation couldn't make the show fly.



From MGM/UA's *Group One Medical*: Stations try to pinpoint promising shows before the NATPE whirlwind.

named, "the more sheep will follow." For smaller syndicators, with limited budgets and sales forces, the groups can be a particularly big opportunity.

On the whole, though, syndicators seem more frustrated than satisfied with the screening groups. Their biggest gripe is their inability to do deals after their pitches to the two largest groups. Both TSG and the December Group, citing antitrust concerns, require station officials attending their sessions to forswear, in writing, any discussions that would affect the industry's usual sales and pricing practices. The groups even ban bantering over the desirability of individual shows and plant attorneys in the screening rooms. What type of discussions take place over dinner or elsewhere outside the sessions is hard to say. "We don't hang around in the hall and talk with each other," Stewart Park, station manager of KNTV in San Jose, maintained during a December Group break. "We don't have any time. You kind of hit the ground running when you get here. They parade them in and out. You run for a plane at the end," he said, before turning back to a conversation with his colleagues at the lunch table.

Said one syndicator, who asked not to be named, as he left the December Group's meeting, "I need this like I need a hole in the head. But," he added, "if they read in your magazine that I'm putting down their group, they don't get a vacation in California."

Many syndicators said they had previously pitched virtually all the stations at the TSG and December Group meetings. Syndicators show up anyway, they say, because a failure to do so would call their standing into question. "I don't love the style of the traffic-jam routine," said George Back, president of All American Television, as he waited for his 30 minutes before the December Group. But, "You look bad by omission if you don't show up."

The salespeople also groused about the strict time limits on syndicators' pitches enforced by some groups—as little as 20 minutes. "From my point of view, I don't have time to even begin a pitch," complains John Ranck, executive vice president of Orbis Communications Inc. "I'd love to get some feedback, but you get the hook."

Station officials say the sessions take a toll on them, too, with hours of presentations that begin at 8 A.M. A syndicated dose of titillation is the only recreation, this season including Group W Productions' *Getaway*, which focused heavily on women's breasts in the Rio sun; TeleVentures' *Scandals* magazine show, which will deal with the "perverse passions of the rich and famous"; and MGM/UA's *Group One Medical*, which peeks in on patients' visits to their physicians in a television studio.

The sales pitches wash over station officials, uninterrupted, until the end of the business day, with only a one-hour lunch break. Warns Linda Desmarais, v.p. of programming and news at WWSB in Sarasota, Fla., "The person [scheduled] at six o'clock has a problem. I don't even care."

In the end, though, says Leonard Koch, chairman of Syndicast Services Inc., echoing many of his colleagues, "it's of greater value to the stations than it is to us."

The rise of the screening groups, many insist, signals a decline for NATPE in the first-run arena. "Virtually all purchases are being made before NATPE," asserts McGraw-Hill's Ingraham—especially with the convention landing a month later than usual this year. Even Lon Lee, a NATPE director and official, concedes that "there is some validity" to charges that the convention has become just a mopping up operation.

Others argue that's overstating the case. They say that any impact on NATPE's first-run standing goes beyond the screening groups. With an abundance of product—47 new first-run strips alone, including animation, for fall 1988—and slackened demand, syndicators have become increasingly aggressive in the months before NATPE. As Mike Melon, vice president for research at Buena Vista Television, notes, "Screening groups are like an appetizer. NATPE is the main course."

In either case, so long as the broadcasting landscape continues to change, screening groups seem destined to flourish. "Everybody's got to get a jump on the competition," says Marinoff, "especially if there are indies in the market, or if there are two affiliates vying for the same show."

Syndicators will surely feed that fire. Reached in his Portland, Ore., office at KGW the morning after TSG's meeting ended, program director Craig Smith reported a desktop pile of half a dozen messages from syndicators alongside the November sweeps reports that came out while he was in L.A. "I got back at 9 last night," Smith said, the tiring trip reflected in his voice, "and I've been avoiding the phone." After pausing, he added, "I'm sure everybody's phones are ringing today." ●

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1988 will see at least three films Williams has worked on, 'Sammy and Rosie Get Laid', 'Stormy Monday', the title track of which has been specially recorded and performed by B.B. King, and the $26 million epic 'The Last Emperor' directed by Bernardo Bertolucci produced by Jeremy Thomas and proud owner of 4 Golden Globe awards including Best Picture and Best Original Score by Ryuichi Sakamoto, David Byrne and Cong Su.

Ambitions for 1988? Williams is aiming to expand his work team, set up a new record label, extend the international clearance systems and generally make the service as widespread and comprehensive as possible.

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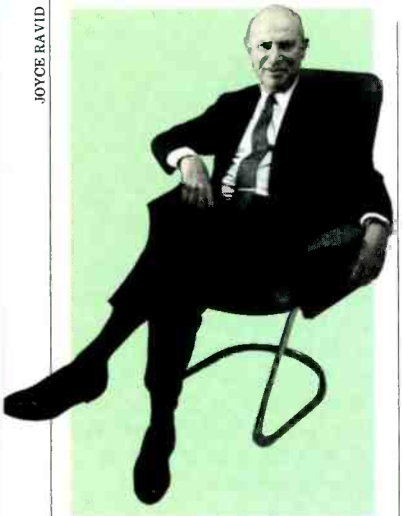
TALK SHOW

Learning Lessons at CBS

JOYCE RAVID



Tisch: "Now, I am less confident."

"When I assumed my post at CBS . . . I had a general predisposition to believe that many of the federal regulatory constraints imposed on the networks served the broad public interest. Now, after one year of intense involvement in network broadcasting, I am—to put it mildly—less confident. Indeed, of the many lessons I have learned in this first year at CBS, none has been as surprising as the serious questions raised about the relevance, logic and legitimacy of the regulatory scheme . . . I have found myself repeatedly asking our experts what these rules are really intended to accomplish:

- Why should the networks be restricted from syndicating programs, or from financing programs in exchange for a residual interest, or from producing programs in-house?
- Why should the networks be restricted by the government in the types of contracts we can negotiate with our affiliates?
- Why should the networks be restricted in the other business activities in which we can engage, ranging from owning cable systems to creating supplementary broadcasting networks?

"There seems to be one underlying premise to all these regulations—the need to shackle the networks to keep them from trampling on such 'weak and innocent' parties as the Hollywood community, the syndicators, the cable industry, the affiliates and the independent TV stations. That must have been the perception of the broadcast industry 20 years ago, of three giant networks, uncontrolled by competitive forces . . .

"Perhaps because I am a 'new boy on the block' in broadcasting, I do not feel constrained by this history of alleged overweening power and oppression. Instead, I see a different picture. I see a rapidly changing marketplace with one group of competitors—the networks—having one proverbial hand tied behind our backs. And I see increasing fragmentation of power and increased competition, not monolithic domination—with the consumer as the ultimate beneficiary.

"I also see danger signs. If the networks continue to weaken, there may be a growing shift away from universal, free television to more exclusive, pay broadcast services. I question whether that serves the public interest. . . ."

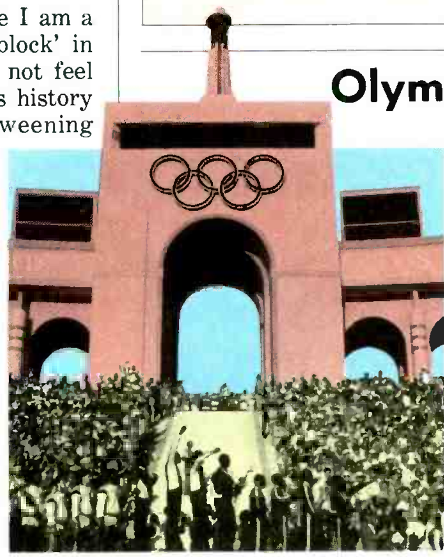
—Laurence A. Tisch, in remarks before the Administrative Conference of the United States last fall

"To begin with, I can't help remembering what happened when someone asked Pope John XXIII, 'How many people work at the Vatican?' And he said: 'Oh, about half of them.' Well, let me tell you about Channel 13. Everybody works at 13—and harder than any staff, any station, group or network I've ever seen. And—alas—that includes me. I don't know what I've been doing for the past 30 years, but it hasn't been work. . . ."

—William F. Baker, president of WNET (channel 13), the PBS station in New York, and former president of Group W Television Inc.

Olympian Viewing

L.P.I./FPG



TV viewers of every stripe flock to the Olympics.

The composition of the Olympic television audience closely mirrors actual American social structure and, therefore, differs markedly from audiences for other sports broadcasts and for normal television programming.

For example, the public for regular sports programming is strikingly gender-divided; sports television is, in overwhelming disproportion, a male consumer good. The audience for Olympic television, by contrast, is not gender segregated . . . women participate in Olympic viewing almost exactly in proportion to their numbers in the general population. As to overall television viewing, studies have shown the audience to be disproportionately lower in status. . . . On measures of income, age, education and marital status, Olympic audiences closely reproduce American social structure. Racial, ethnic and religious variables likewise suggest little differentiation. . . .

Thus, the Olympics are not just a big sports event or simply a television spectacular like any other, save in scale. The Olympics constitute a television audience that is truly and representatively "national" to a degree not approached by any other scheduled programming.

—John J. MacAloon, from "Mission Stories: American Politics and Olympic Discourse," in the Gannett Center Journal, *fall 1987*

Dodging the Adversarial TV Interview

1

Ask for reporter's credentials before agreeing to the interview, particularly if the request comes by phone. Establish whom they represent.

2

Ask about their background and experience in dealing with the issue at hand. Be helpful and courteous in doing so. Find out how much they know or understand about the topic.

3

If possible, arrange a background, not-for-publication briefing beforehand. Use this to put the story in perspective and find out whether others, say, with opposing viewpoints, will also be interviewed.

4

Try to avoid a taped interview, to eliminate the outside chance of editorial distortions that could occur.

5

Request a live, or live-to-tape, interview so that your spokesperson's responses will stand as given.

6

If none of this is possible, insist upon having your stated position on the issue used on the air. Reporters pursuing a balanced story should not object.

7

Tape your preliminary briefing with the reporters so that the ground rules are documented.

8

If reporters balk at this taping, ask why an ethical journalist would mind your having a record of what was agreed upon. Ask whether there is a problem that you are unaware of. Then say nothing until you receive an answer.

9

Remember, you have a right to communicate your views and positions with as much editorial balance as a person with opposing viewpoints might receive in talking with the same reporters.

10

If you cannot obtain the agreements you feel are essential, you might question the reporters' motives, and even choose not to proceed. If you decline the interview, ask that your stated reasons for doing so be used on air.

11

Should you proceed (and in most cases this will be better than the "empty chair" interview that could occur if you decline), rehearse your spokesperson to preface, or interweave, responses to key questions with your position on the issue.

12

Coach spokespersons to deal with techniques reporters use to elicit meaty quotes; rehearse them to avoid answers that can be taken out of context. Then hope for the best.

"For about the first five weeks of the season, when the system settled down after the first couple of weeks in August, it settled down to so close to the old ratings that we'd come to expect that my normal paranoia entered the picture and I began to harbor this theory that the people-meter system was so far off, they just fired up the old system and at some point when they get it working they'll switch over when none of us know about it."

—Brandon Tartikoff, president, NBC Entertainment, at a news conference last fall.

The Sword of Islam.
1987 International Emmy Award Winner.

"We do not want an Islamic republic in Lebanon – that would be a small thing. What we want is a *world* Islamic republic'

The Hizbollah

To make *The Sword of Islam,* a Granada Television documentary crew spent eighteen months in Egypt and Lebanon, filming undercover and often under threat to their liberty and lives. The result is a startling, challenging and sometimes terrifying insight into the fervour and passion which fuels the global ambitions of Islamic fundamentalism.

'Possibly the most valuable exercise that television will undertake this year' *The Sunday Times*

'I felt aghast, grief-stricken, horrified, pained, harrowed, emotionally-wasted and generally pulverised by *The Sword of Islam* ... the programme convinced me that the spread of fundamentalist Islam is probably the most significant event in the world today' *Daily Mail*

'What was most striking about *The Sword of Islam,* Granada's extraordinary investigation of militant Muslim fundamentalists, was that it gave us an understanding of how political violence can be a religious experience and of how religion can be such a potent political force' *The Times*

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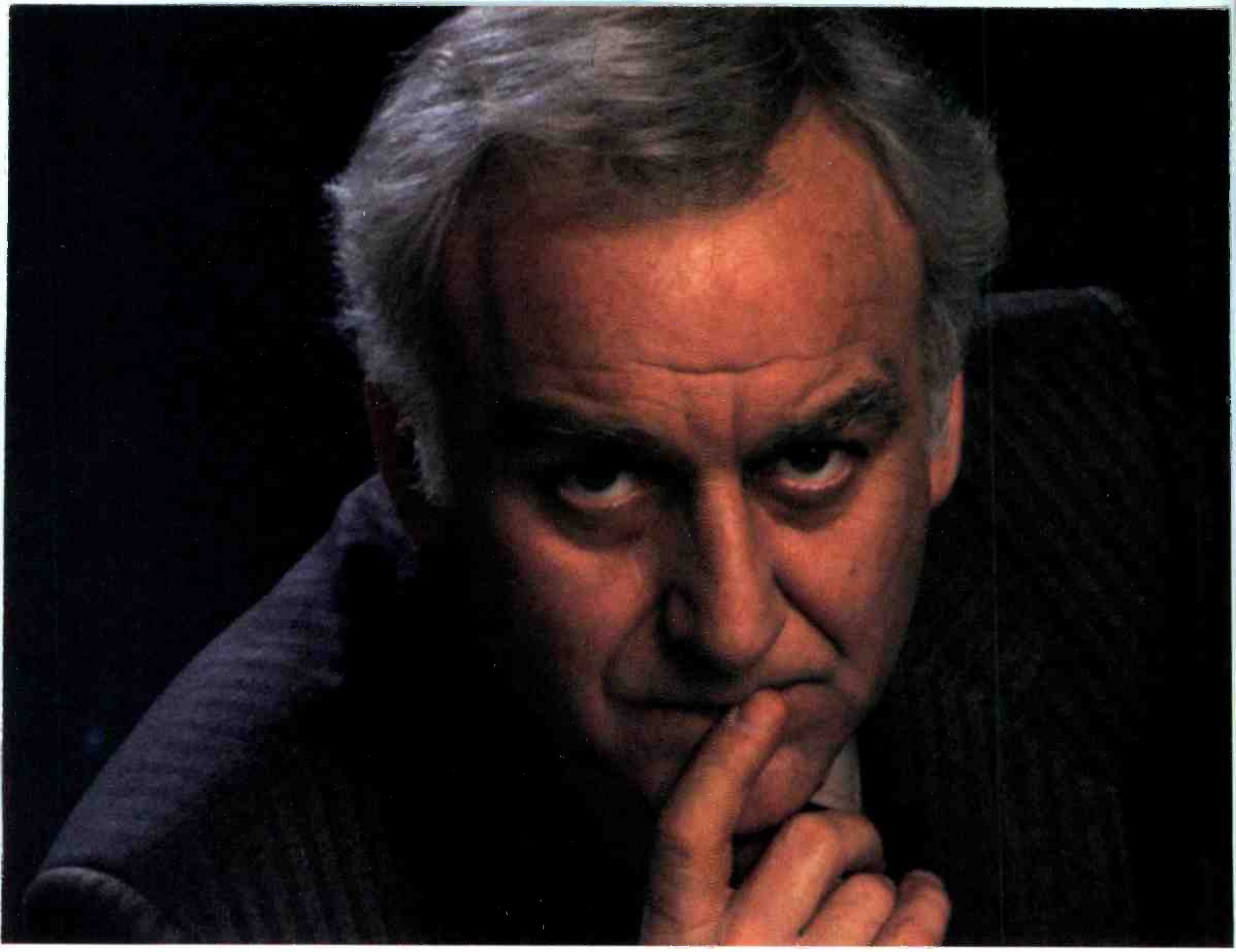

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Big Apple Revolution

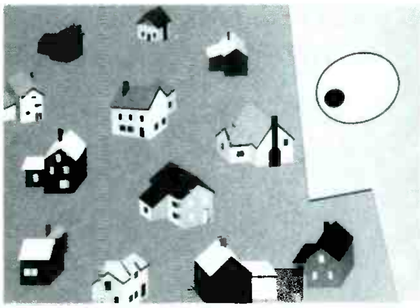
by Jean Bergantini Grillo

New York's independent stations are forcing the market to live up to its potential.

The nation's number one market is shedding its second-class citizenship. New York television, eschewing a tradition of easy money and lackluster programming, is under siege, and the Big Apple's freshly revamped indies are mounting the attack. New owners, new philosophies and some daring product have shaken the city's moribund programming foundations. As one rep-firm executive puts it, "New York is finally waking up to a trend that's been rolling across the country: Vigorous indies mean *everybody*'s got to compete."

Once thought of as the eccentric and neglected cousins of the network-owned stations, New York's independents—especially Fox-owned WNYW (formerly WNEW, owned by Metromedia) and MCA-owned WWOR (formerly WOR, under RKO)—are closing the gap between themselves and the O&Os.

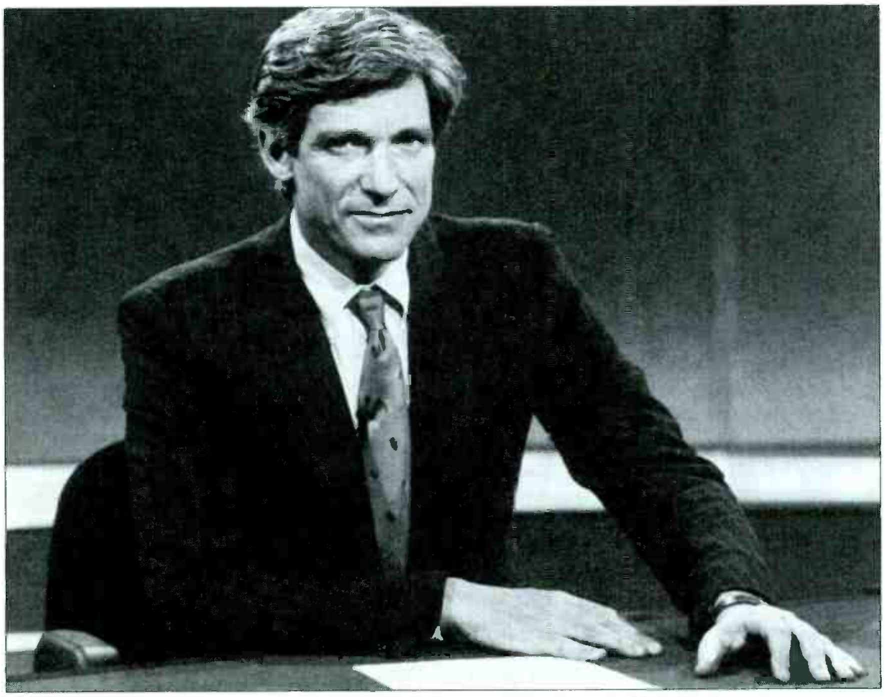
"Until recently, New York was really a sleepy TV town that never lived up to its market size," says Dick Kurlander, Petry v.p. and director of programming, echoing an oft-repeated view. "Nobody had to stretch, and stations got lazy."



Carl "Bud" Carey, WNBC's v.p. and general manager, adds: "This is a conservative market, largely because of the ratings and financial stakes involved—and certainly in terms of gambling on anything particularly risky."

Carey is less willing to say that the New York indies haven't been fully competitive. Indeed, in the areas of local sports and news, they have been aggressive. Tribune-owned WPIX-TV has had exclusive Yankees broadcast coverage since 1951, and its INN news turns out a daily national newscast syndicated to 125 stations. WNYW, under Metromedia, established a powerful nightly newscast at 10 P.M. WWOR, while first with a noon news, excelled mostly in sales.

In terms of daring or innovative shows, however, the indies faltered. According to Jeff Weingrad, TV editor of the New York *Daily News*, the indies "filled their day with grade-D movies and third-rate game shows. Programming was dull." Adds Blair v.p. Jack Whalen, "The truth is, everybody coasted."



Aggressive, original programming—like WNYW's *A Current Affair*, above—is the indies' new look.

Those days are over. While belt-tightening is the mandate at the networks' owned stations, extravagance is the new look at indies WNYW and WWOR. They have their own credo for success: Spend money to create an identity and make news. In 1987, Fox's Channel 5 launched seven hours of Fox Broadcasting programming; a new, locally produced half-hour talk/news show (*A Current Affair*, now being syndicated nationally); and about seven hours of locally produced prime time specials.

MCA's Channel 9, not to be outdone, debuted six locally produced programs in two months last fall. Its 10 P.M. nightly news was expanded to a full hour and broadcasts were added on the weekends. While both stations have spent wildly for off-network product, each strives to draw attention to itself through local news coverage, aggressive talk/information shows and public-interest specials. Ignoring New York's timid network model, WNYW and WWOR are showing that savvy indies program themselves like aggressive affiliates.

Nowhere has this credo been more pronounced than in the turnaround of last-place WWOR. Since MCA purchased the station from RKO in December 1986 (for $387 million), Channel 9 has not only been revamped, many say it's been resurrected. It has deserted the paid religious programming it ran from 7 to 9 A.M. and gone into kids' shows. It's gone out of prime time movies and into controversial talk, while still the home of the Mets.

The architect of this transformation is Larry Fraiberg, v.p. of MCA. "Fraiberg brings 40 years of experience," says Bob Kunath, v.p. and general manager at WWOR (Kunath and Fraiberg were similarly teamed at WNYW under Metromedia). "He brings patience, contacts, intelligence and a likability that attracts talent."

Dipping into a $100 million programming budget, WWOR now owns nearly every hot-ticket syndicated show that's passed through the market—including *The Cosby Show*, *Who's the Boss* and *Head of the Class*. Its real risk, however, is in launching its own talk/news shows, such as *Sports Scene*, *People Are Talking* and *Morton Downey Jr.*—the last in prime time. The Downey show, in fact, could prove physically dangerous.

With an open-mike-forum atmosphere, *Morton Downey* encourages the kind of confrontations between Downey and his guests that can—and do—end up in curses, insults and, in one unaired episode, Downey's allegedly slapping a panelist (that's now in litigation).

The WWOR staff happily likens the show to professional wrestling; New York, meanwhile, is aghast. And that's the point. In the November book, *Downey*—which airs weeknights at 9—pulled a 4.1 rating/6 share, matching WWOR's movie ratings a year earlier.

"WWOR's clear-cut identity will be conversation, talk, information," says Kunath. And controversy. "Whether it's entertaining or offensive, people are watching," he adds.

In the November 1986 Nielsen book, WWOR had an 8 share, sign-on to sign-off, to WNYW's 12 and WPIX's 10. In November 1987, it pulled out of last place and tied WPIX with a 9 behind WNYW's 12. "We are taking on Channel 5," Kunath says bluntly.

WNYW under Metromedia flexed quite a bit of muscle. Under Fox, it seeks to surpass even that status. "There are two indies in New York," asserts WNYW's v.p. and general manager, Carolyn Wall, "and four affiliates: NBC, ABC, CBS and Fox."

WNYW's general dominance over the other indies goes back decades. In the November '87 Nielsens, its 5 to 7 P.M. lineup challenged everyone, including the O&Os, with *Diff'rent Strokes*, *The Facts of Life*, *Three's Company* and *Family Ties*. And *A Current Affair*, at 7:30 P.M., beat WNBC's beleaguered checkerboard by one full rating and share point.

Wall insists the station will strengthen its affiliate-like credibility by increasing its straight-news content. The idea's not original, but Wall maintains the execution will be. She says her background (as an executive v.p. at Murdoch Magazines) translates into "a heightened interest in information-based programming." WNYW was the only local station—indie or O&O—to produce its own special on the Gorbachev visit to Washington, for instance.

> 'An intense and highly visible news presence is the only way any station can stand out,' says WNYW's Temple.

According to Peter Temple, WNYW's newly appointed v.p. and station manager, "an intense, sophisticated and highly visible news presence keyed to localism is the only way any station can stand out." Temple, who joined WNYW in November '87 after two years with Lorimar Telepictures, had a longer track record with WCAU, the CBS O&O in Philadelphia. "WNYW is thinking more like an affiliate on the offensive," he quips.

Temple says that by introducing a 7 P.M. news to the market, and by doing local specials on national and international issues, "We've proven we're willing not only to be more visible, but to take risks." He cites as one example the station's decision to run news and *A Current Affair* 7 to 8 P.M., "where most of our viewers will find it." "That's not just a programming risk, but a financial risk as well."

The only indie really hurt in the November book was Tribune's WPIX. Its ratings dropped in almost every time period from 4 to 11:30 P.M. Its most popular strip, 5 to 7 P.M. (then consisting of *Fall Guy*, *The Jeffersons* and new *Honeymooners* episodes), was drastically off its November '86 numbers, falling from a Nielsen 6.1/12 to a 3.5/7.

"WPIX is going the wrong way," says one rep-firm executive, citing the station's decision to run its prime movie at 9 P.M. and local news at 11 (pushed back from 10) as unsuccessfully pitching those shows to an audience already locked into network prime time fare.

Lev Pope, WPIX president and general manager, admits that last fall, "Some things did not do as well as we'd hoped." But, he maintains, "Overall shares are meaningless. We're satisfied with our demographics."

Despite such "satisfaction," WPIX overhauled its early fringe lineup in January, bringing in *Eight is Enough*, *Little House on the Prairie* and *Webster*; only *The Jeffersons* survived the cut.

Pope admits that a bad case of cold feet cost him plenty in November. "WNYW's running of *Shaka Zulu* for one full week in November really hurt," he says, then adds frankly, "and we passed on it. It did fantastic numbers." (WNYW snared an average Nielsen 13.1/20 for the week.) Pope says fears about *Zulu*'s South African ties and "ladies in the cast without shirts" made WPIX decide against the miniseries. "We thought it would prove controversial—which it didn't. And we never anticipated how well it would do."

WPIX *has* made strides, such as having a premiere movie broadcast every Monday night this past fall; the station's airing of *Amadeus* pulled a 12.4 rating. And Pope claims that despite lower ratings, WPIX had "a far larger gain in revenues for November than any other station in the market."

While it's highly unlikely that the indies could outbill New York's O&Os in the winter months, Pope insists they routinely will, come summer, "largely because of reruns on the networks and baseball on WWOR and WPIX." WPIX may have less of an opportunity, however. The station's contract with the Yankees calls for 75 games a year on Channel 11 through 1990. But because of the Yankees' additional contract with SportsChannel cable service, WPIX saw its broadcasts cut back to 50 last year; the matter is now in the courts.

WPIX knows there's hard work ahead. "WWOR has greatly improved, I can't deny that," Pope says, "and WNYW is not afraid to leap into the breach. I think New York's indies now represent the strongest field ever."

But Pope also maintains there's enough money in the market for six stations to prosper, without any one station having to lose. Certainly area viewers have everything to gain, but what of the stations?

"We're spending diamond-like money in New York," says WWOR's Kunath. "To end up with a zircon would be disappointing." ●

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Turbocharging UHF

by Robert Rivlin

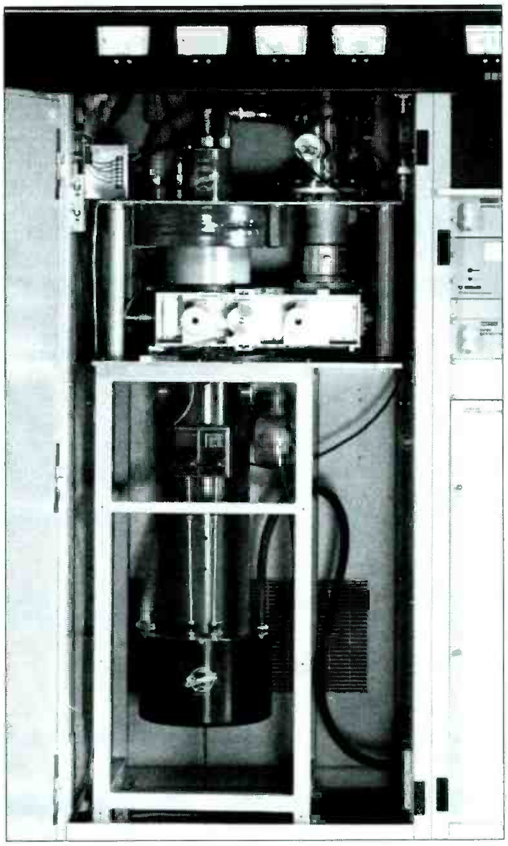
How a Baltimore indie turned a low-gain antenna into a high gain in ratings.

Back at the National Association of Broadcasters' convention last year, engineers from the transmitter manufacturer Comark Communications and Sinclair Broadcasting's independent station WBFF in Baltimore put forth the concept of a "superpower UHF station of the future." Frankly, however, NAB isn't known for exciting engineering presentations, and the industry paid limited attention. Indeed, during the past decade there have been many such schemes to increase transmission efficiency. But they've done little to reduce the inherent handicap that comes with a UHF channel allocation, and few of the ideas have been backed with enough capital and marketing savvy to make them anything but engineering curiosities.

A year later, however, WBFF vice president David Smith says he's able to haul a portable TV set around the Baltimore market—a set without even a loop antenna—and get a picture on WBFF's channel 45 that compares favorably with the picture on any of the local VHF channels using a set *with* rabbit ears. Without changes in promotion or program spending, the station's ratings for prime time movies have increased from 1's and infrequent 2's to consistent 3's. One reason was the antenna's relocation to a taller tower at a better site, but Smith mainly credits a radical departure from common practice.

UHF operators have always assumed they had to put out as much effective radiated power (ERP) as the FCC would let them use, Smith says. But boosting transmitter wattage would have been like burning money, since an old UHF transmitter could easily run up monthly power bills of $20,000. So UHF stations usually kept power consumption down by using high-gain antennas that radiate, say, 30 times the wattage of the raw power used. WBFF, for instance, had long used a high-gain antenna with a relatively low-power transmitter (180 kilowatts) to achieve an ERP of 3 megawatts or more.

Robert Rivlin is editor in chief of Broadcast Management/Engineering.



So it can afford higher power, WBFF will buy a new transmitter using a klystrode tube (shown in cabinet).

At first that solution seemed workable: The station's transmission beam did a fairly effective job in reaching fringe viewing areas, 30 to 50 miles away. Management soon discovered, however, that the narrow beam produced by the high-gain antenna had disastrous effects on other reception: Seventy percent of the potential audience lived within 10 miles of the tower and could not receive a clear signal.

Last July, when it moved to its new tower, WBFF switched to a lower-gain waveguide antenna that achieves an ERP of just 1 megawatt. Yet despite the decreased ERP, the equipment changes increased WBFF's relative field strength within 10 miles of the tower by at least two times and as much as 10 times (3 to 15 dB). And distant reception was not significantly degraded, Smith contends. The results, he says, "shocked the hell out of me," and did great things for the station's ratings last fall. Its prime time audience doubled from a 2 rating and 3 share in November '86 to a 4/6 in November '87, according to Arbitron. Revenues this year will shoot up by $3 million, he estimates. That will be more than enough to pay for phase two of the station's plan.

This summer WBFF will again move up in transmitter power, buying a new 360-kw Comark transmitter (Smith has a decided brand preference; he was formerly a co-owner of Comark, before selling it to the French electronics giant Thomson-CSF). But the increase in transmitter power won't increase the station's power bills. The new transmitter uses the klystrode tube—a recently developed, highly efficient hybrid of the older klystron and tetrode tubes—that runs on half the juice required by older UHF transmitters of the same rating. Management plans similar upgrades of the company's stations in Columbus, Ohio (WTTE) and Pittsburgh (WPTT).

WBFF's formula of increased transmitter power and low-gain antenna isn't right for every market, of course. Where the tower is located on the outskirts of town and the primary viewing area is some distance away, the narrow-beam, high-gain antenna may still be the best solution.

For most larger markets, however, where transmitter towers are located in or adjacent to urban areas, Channel 45's story can serve as an excellent model for what 1988 technology can offer UHF broadcasters. For many stations it may finally solve the decades-old problem of competing with VHF stations without becoming an indentured servant of the power company. ●

Radio's Next Wave

by Paul Noglows

Deal-maker Gary Stevens says 1988 acquisitions will bring more consolidation to radio.

Radio broker Gary Stevens' favorite slogan is, "They haven't made the radio station that can't be sold." But even Stevens, a man who has brokered more than $600 million worth of radio-station transactions over the last two years, readily admits it may be tougher to get a deal done in 1988.

"Trading has slowed down because nobody is sure of asset values after the crash," he says. "Institutional lenders who do the mezzanine work are pulling back . . . any debt being done with an equity feature is up in the air because nobody's really sure what the asset is worth, so they're having trouble figuring their return."

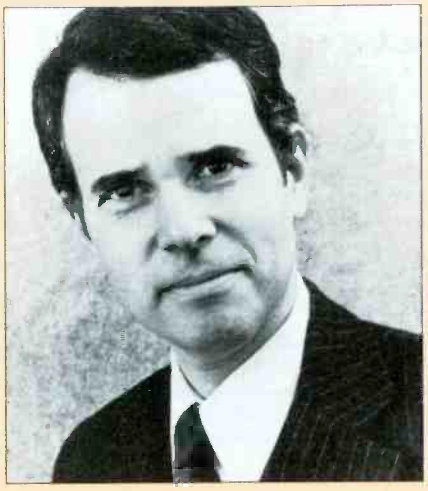
Stevens predicts it will take a few successful deals to "jump start" the trading activity. "Right now, everybody's sitting back waiting to see a number of deals take place so that they can begin to put values or ascribe multiples back onto the properties," he says. "If there is a recovery in confidence relative to asset values, it's going to take a good part of 1988 for those lenders to become comfortable with numbers they believe are accurate relative to these assets."

General Electric's plans to sell its entire National Broadcasting Co. radio group may prove the spur to get things moving again, a deal large enough to attract important buyers and financiers. Analysts estimate GE could get $150 million for seven of its eight NBC stations; WKYS-FM in Washington, believed to be NBC's most profitable station, could fetch up to $45 million.

But caution appears to be the watchword for deal-makers in an industry that has experienced revolutionary change over the last three years. A record $3.2 billion worth of radio stations changed hands in 1986, compared with $1.8 billion in 1985, estimates Paul Kagan Associates. Stevens estimates 1987's volume to have been about $2 billion. (Stevens' tabulations are often lower than industry norms, since he doesn't double count transfers of stations that have changed hands more than once in a year.)

"In 1986, it was unreal," says Stevens. "You did deals over the phone, there was no arguing over small points in contracts. In 1987, it got tougher to do—people got sharper pencils, contracts were more detailed and took longer to do—but you still got deals done."

Stevens' outlook for 1988: "That party's over. It's over because of this overall question of asset values and because a lot of these deals that were done the last two years simply aren't performing. Senior lenders tell me that they don't want to back anybody but proven station operators." As a result, Stevens predicts consolidation in the radio marketplace will continue, as current, successful radio operators increasingly dominate the marketplace. "There are fewer of the traditional old-line buyers, and my guess is there will be fewer newcomers," he says. "It's going to resemble the airline business, as it consolidates down. We're going to settle in to a number of sizable companies who have become major players."


Stevens: Lenders will only back proven operators.

It is these players—radio companies like Infinity, Jacor, Emmis and Malrite—that Stevens predicts will set the future pace for deals. "They're not as aggressive as they were because they have sensed that they are the only real players at the upper end. There aren't many people who can just write a check, and unless you've got something that they really want, these guys with a lot of money are hanging back."

Stevens says sellers *can* do things to prevent radio from becoming completely a buyer's market. "Right now, sellers are in shock; they want to believe everything is going to be okay, like guys in the market who keep thinking the market is going back up to 2,500, and go out every week and get pounded," he says. "The more astute seller is beginning to realize that he's the one that's going to have to add some value to the deal—in this instance, seller paper."

Deals will take place, however. "What you're going to see in '88 and '89 are deals coming back on the market that were done in '86 and '87, which people have since become disenchanted with." Stevens says the biggest problem in 1988 will be "matching sellers' expectations to buyers' perceptions. We've got to get everybody in sync." Apparently, Stevens figures he is the man to do just that; last month the former disc jockey resigned his limited-partner position at investment bank Wertheim Schroder Inc. to start his own radio mergers-and-acquisition firm, Gary Stevens & Co. ●

Paul Noglows is the New York reporter for Media Business News.

ADVERTISING

Commercial Shrinkage

In 1982, the average American home was exposed to 147 commercials a day. In 1987, that number rose to 176. But the amount of commercial *time* on the air hasn't increased at the same pace. Why? Commercials are generally getting shorter. And the number of under-30 spots is growing the most on the networks, because of the relative bargains offered to advertisers with shorter commercials.

CHANGE IN NUMBER OF COMMERCIALS

	1987 COMMERCIALS PER HOUR /% GROWTH SINCE '82	1987 COMMERCIAL MINUTES PER HOUR /% GROWTH SINCE '82	% OF COMMERCIALS SHORTER THAN 30 SECONDS
All Stations	24.74/14%	11.61/6%	17%
Prime Time	21.17/17	9.56/5	21
Daytime	26.34/14	12.08/.4	23
Affiliates	26.49/14	11.87/3	23
Network Time	13.74/19	5.87/−2	32
Independents	22.98/14	11.34/1	7

Source: Broadcast Advertisers Reports.

CABLE

The Top 10 MSOs: 1985-1987

Apart from the few mergers and takeovers reflected in the rankings, cable's power-hitters have fluctuated very little. ATC had the steadiest rise in sub counts (44% from '85 to '87).

MSO/Total Subs in thousands

1987	1986	1985
Tele-Communications Inc./4,609*	Tele-Communications Inc./3,779	Tele-Communications Inc./3,661
American Television & Comm. Corp./3,590	American Television & Comm. Corp./2,700	American Television & Comm. Corp./2,500
Continental Cablevision/1,497	Group W Cable/2,162	Group W Cable/2,162
Storer Cable Communications/1,418	Storer Cable Comm./1,536	Storer Cable Comm./1,521
Cox Cable Communications/1,407	Cox Cable Comm./1,331	Cox Cable Comm./1,476
Warner Cable Comm./1,369	Continental Cablevision/1,324	Warner Amex Cable Comm./1,159
Comcast Cable Comm./1,281	Warner Cable Comm./1,203	Continental Cablevision/1,064
United Cable TV/1,122	Comcast Cable Comm./1,095*	Times Mirror Cable TV/997
Newhouse Broadcasting Corp./1,032	United Cable TV/1,028	United Cable TV/949
Viacom/1,013	Newhouse Broadcasting Corp./972	Newhouse Broadcasting Corp./927*

*Does not reflect TCI acquisition of Heritage Comm.

*Includes portion of Group W subscribers

*Includes: Metrovision, NewChannels and Vision.

Sources: Paul Kagan Associates and *Cablevision*. Compiled by NCTA.

★ RATINGS ★

TOP NETWORK SERIES

First 16 weeks of season, Sept. 20, 1987, through Jan. 10, 1988

SERIES/NETWORK	RATING/SHARE
1 The Cosby Show/NBC	28.0/45
2 A Different World/NBC	25.1/41
3 Cheers/NBC	23.7/38
4 Night Court/NBC	22.7/36
5 Growing Pains/ABC	22.6/34
6 Golden Girls/NBC	22.3/39
7 60 Minutes/CBS	21.8/35
8 Who's The Boss?/ABC	21.4/34
9 Murder, She Wrote/CBS	20.8/31
10 Moonlighting/ABC	19.7/31

TOP BARTER SERIES

First-run barter series, first 17 weeks of season, Sept. 6, 1987, through Jan. 3, 1988

SERIES/SYNDICATOR	RATING
1 Wheel of Fortune/ King World	17.1
2 Jeopardy!/King World	13.5
3 Universal Pictures Debut Network (movies)/MCA-TV	11.2#
4 National Baseball Network/ Stuart Broadcasting	10.7#
5 World Wrestling Federation/ Titan Sports/WWF	10.1#
6 Star Trek: The Next Generation/Paramount	10.0#
7 The Oprah Winfrey Show/ King World	9.2
8 Columbia Night at the Movies/Columbia	9.0#
9 TV Net III (movie package)/ Viacom	8.0#
9 People's Court/ Lorimar Telepictures	8.0#

TOP CABLE NETWORKS

Average ratings/projected households, December 1987

NETWORK	7 A.M. TO 1 A.M.	PRIME TIME
1 WTBS	2.2/955,000	2.9/1,254,000
2 ESPN	1.2/547,000	3.1/1,412,000
3 USA	1.2/499,000	1.5/624,000
4 CNN	.7/304,000	1.0/437,000
5 MTV	.7/276,000	.7/276,000
6 CBN	.7/267,000	.6/231,000
7 Nashville Network	.6/225,000*	1.3/503,000
8 Headline News	.5/151,000	.4/119,000
9 Lifetime	.4/143,000	.9/322,000
10 Discovery	.4/109,000*	.7/190,000

#Includes multiple exposures. *9 A.M. to 3 A.M.

Note: cable ratings are percentages within the varying populations that can receive each network. Networks are ranked by projected number of households rather than ratings.

Source: Nielsen Media Research data

HOME VIDEO

Top Videocassette/Rentals

December 1987

TITLE/PUBLISHER	% TOP 50*
1 **Lethal Weapon**/Warner	6.8
2 **Outrageous Fortune**/Touchstone	6.7
3 **Secret of My Success**/MCA	5.0
4 **Tin Men**/Touchstone	4.4
5 **Roxanne**/RCA/Columbia	4.3
6 **Harry and the Hendersons**/MCA	4.1
7 **Extreme Prejudice**/IVE	3.1
8 **Superman IV**/Warner	2.7
9 **Crocodile Dundee**/Paramount	2.6
10 **Summer School**/Paramount	2.6
11 **Raising Arizona**/CBS/Fox	2.5
12 **Project X**/CBS/Fox	2.5
13 **Angel Heart**/IVE	2.4
14 **Mannequin**/MHE	2.4
15 **Blind Date**/RCA/Columbia	2.4
16 **Ishtar**/RCA/Columbia	2.3
17 **Star Trek IV**/Paramount	2.3
18 **Hoosiers**/HBO	2.3
19 **Lady and the Tramp**/Disney	2.3
20 **Burglar**/Warner	2.1

Top Videocassette/Sales

December 1987

TITLE/PUBLISHER	% TOP 50*
1 **Lady and the Tramp**/Disney	15.9
2 **Star trek IV**/Paramount	6.2
3 **An American Tail**/MCA	4.9
4 **It's a Wonderful Life**/RKO	3.6
5 **White Christmas**/Paramount	3.5
6 **Crocodile Dundee**/Paramount	3.0
7 **Top Gun**/Paramount	3.0
8 **Jane Fonda's Low-Impact Aerobics**/Lorimar	2.7
9 **Sleeping Beauty**/	2.7
10 **Bill Cosby at 49**/Disney	2.3
11 **Automatic Golf**/Video Reel	2.3
12 **Godfather**/Paramount	2.3
13 **Dorf on Golf (Tim Conway)**J2	2.3
14 **Sound of Music**/CBS/Fox	2.1
15 **Wizard of Oz**/MGM/UA	2.1
16 **Jane Fonda's New Workout**/Lorimar	2.1
17 **VCR Quarterback**/VCR Enterprises	1.9
18 **Red Shoes**/Paramount	1.8
19 **Callanetics**/MCA	1.7
20 **Miracle on 34th Street**/CBS/Fox	1.7

Source: Videodome Enterprises, Dallas. Charts appear weekly in *TWICE* magazine.
*Title as percentage of top-50 tapes total volume.

THE MAGID NUGGET

The Impact of Home Shopping

Respondents in over 80 percent of TV homes are aware of home shopping, but they generally don't find it appealing to shop by television, according to a national survey of 1,000 households by Frank N. Magid Associates Inc. Following are some highlights:

• 7.4 percent contend that home shopping appeals to them very much, and 23.5 percent say it is somewhat appealing. However, 67.5 percent find it to be not at all appealing.

• About seven in ten people who are aware of home-shopping programs say that they are available to watch in their area.

• Of the 26 percent who are able to specify home-shopping programs that are available to them, 79 percent have watched at least one of the programs.

• 25.6 percent of those who have watched at least one home-shopping program have purchased a product featured on the show.

Cable and TV Station Deals

DEALS

BUYER	SELLER	PROPERTY	BROKER	PRICE (MILLIONS)
TELEVISION STATIONS				
Farragut Communications Inc.	Hugh E. Davis	KNDO-TV Yakima, Wash. KNDU-TV Richland, Wash.	none	$13.5
Blackstar Communications Inc.	Press Broadcasting Co.	WMOD-TV Melbourne, Fla.	none	5.0*
Coronado Communications Co.	New Mexico Media Ltd. Holding Co.	KNMZ-TV Santa Fe, N.M.	Clifton Gardiner & Assoc. Inc.	3.0
Twenver Inc.	Alden Communications of Colorado	KTZO-TV Denver, Colo.	none	0.5
CABLE SYSTEMS				
1st CableVision Inc.	First Carolina Communications	Systems in Ariz., Ga., Ky., Ohio, N.C., S.C., Tenn. and Va.	CEA	$295
Falcon Cable Media	Jones Intercable Inc.	12 systems in various states	Jones Group Ltd.	106
Adelphia Communication Corp.	UltraCom Inc. (Harte-Hanks Comm.)	4 systems in Pa.	none	78
Jones Intercable Inc.	Maryland Cable Limited Partnership	System serving Charles County, Md.	Jones Group Ltd.	32

*Plus assumption of certain sellers liabilities.

Source: *Media Business News*

TAKING STOCK

A 1987 STOCK REVIEW

Cable was the only category in which over half of the companies listed gained in the stock market. In fact, the highest gain posted came from American Cablesystems: 215 percent. Hardest hit of the categories were production companies.

	12/31/86	12/31/87	% CHANGE
BROADCASTING			
LIN Broadcasting	27.69	43.88	58.4
Infinity	11.75	18.25	55.3
Capital Cities/ABC	268.13	345.00	28.6
CBS	127.00	157.00	23.6
General Electric	43.00	44.13	2.6
Price Comm.	10.75	11.00	2.3
Scripps-Howard	79.00	78.00	-1.3
Clear Channel Comm.	12.50	12.25	-2.0
Chris-Craft	18.88	18.25	-3.4
Liberty	36.75	35.50	-3.4
Westinghouse	55.75	49.75	-10.8
Park Comm.	28.25	25.00	-11.6
United Television	28.50	21.00	-26.4
Jacor	6.13	4.50	-26.6
Westwood One	26.25	18.50	-29.6
Malrite Comm.	9.25	6.00	-35.2
TVX	9.75	3.25	-66.6
GenCorp	74.25	22.25	-70.1
Gray Comm.	199.00	out 10/31/87	
CABLE			
American Cablesystems	14.13	44.50	214.9
Scott Cable	11.00	25.75	134.0
Adams-Russell	20.63	43.00	108.4
TCA	16.75	28.75	71.6
Comcast	17.13	24.63	43.7
ATC	16.38	23.50	43.4
Cablevision Systems	18.88	26.13	38.4
Century Comm.	15.00	17.75	18.3
Time	70.00	82.25	17.5
TCI	22.88	23.63	3.2
United Cable	25.75	22.38	-13.1
Jones	11.38	9.63	-15.4
Turner Broadcasting	13.88	10.88	-21.7
Financial News Network	9.88	6.75	-31.7
Tempo Enterprises	10.38	7.00	-32.6
Centel	56.00	35.50	-36.7
Home Shopping Network	18.56*	5.38	-71.1

*Adjusted for split. Source: *Media Business News*.

	12/31/86	12/31/87	% CHANGE
DIVERSIFIED			
Tribune	28.50*	40.13	40.8
Warner	22.50	27.63	22.8
Multimedia	41.00	53.50	30.4
Washington Post	156.00	187.00	19.8
Times Mirror	63.50	71.75	12.9
Gannett	36.06*	39.13	8.5
Lee Enterprises	23.88	24.00	0.5
A. H. Belo	51.00	48.50	-5.0
Meredith	32.75	30.00	-8.4
McGraw-Hill	54.63	48.25	-11.7
New York Times	35.50	31.00	-12.7
Knight-Ridder	46.88	40.13	-14.4
Media General	42.50	36.25	-14.8
News Corp.	23.50*	16.88	-28.2
Viacom	39.50	18.13	-54.2
PRODUCTION			
Playboy	8.75	12.63	44.3
Walt Disney	43.13	59.25	37.3
King World Prods.	14.00	17.75	26.7
Gulf + Western	63.38	71.13	12.2
Coca Cola	37.75	38.13	1.0
Tri-Star	8.75	8.13	-7.1
MCA	38.38	34.50	-10.2
Orion	12.13	10.75	-11.4
Reeves Comm.	8.00	6.38	-20.3
Vestron	4.75	3.75	-21.1
MGM/UA Comm.	9.50	6.25	-34.3
Lorimar Telepictures	16.25	10.25	-37.0
Fries Ent.	4.00	2.38	-40.5
Hal Roach Studios	7.50	4.38	-41.6
Republic Pictures	8.00	4.25	-46.9
Aaron Spelling	8.88	4.63	-47.9
Barris	15.25	6.88	-54.9
Heritage Ent.	7.38	3.13	-57.6
New World	10.75	3.13	-70.9
DeLaurentiis Ent.	12.75	.75	-94.2

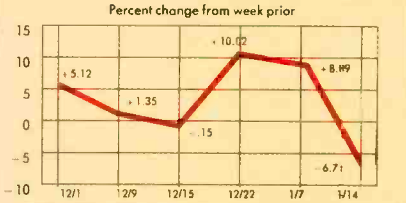
STOCKLINE

Industry Segment Profiles

Each index is an average of 12 companies' stock performance, reflecting that segment of the industry: Electronic, pure TV, cable, etc; Diversified, holdings in more than three areas of the media; and Production, pure TV programming. The Dow Jones is provided as a reference.

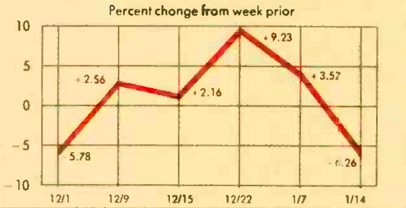
Electronic Index

Percent change from week prior



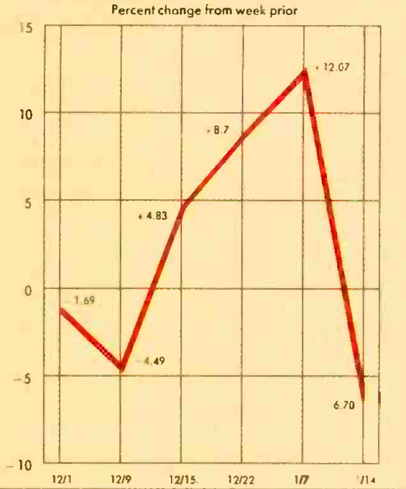
Diversified Index

Percent change from week prior



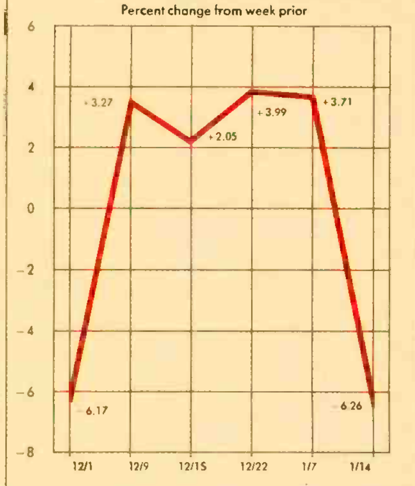
Production Index

Percent change from week prior



Dow Jones Industrials

Percent change from week prior



Source: *Media Business News*

Emmy-winning Supergran, conceived and delivered by Tyne Tees, is set to take off in a big way in the U.S. In all, she's landed business for us in well over 50 countries. And she's head of a growing family. The Tube has done two series on MTV. Dire Straits at Wembley was on Showtime. No less than 23 of our productions have been shown on the Discovery Channel in the last two years. And we are dealing on a regular basis with 95 countries round the world.

COME AND SEE THE REST OF THE FAMILY.

To see the new generation of programmes from Tyne Tees (and TSW and Border) call in on Tony Sandford at The Lincoln Post Oak on Post Oak Boulevard (Tel: 713 961 9300) from 24/29 February.

Tyne Tees Enterprises Limited

Programming For the New Cable Audience

Nickolas Davatzes and the Arts & Entertainment Cable Network are striving to bring a unique vision to television.

The Arts & Entertainment Cable Network, a 24-hour-a-day mix of drama, comedy, arts and documentaries, is one of the fastest-growing basic cable networks. Much of the credit for the aggressive positioning of the network goes to Nickolas Davatzes, A&E's president and CEO since its launch February 1, 1984. Now serving over 30 million subscribers—up eight million in 1987 alone—A&E won nine ACE awards in 1987, more than any basic network. A&E is owned by the Hearst Corp., ABC and NBC, and grew out of the merger of The Entertainment Channel and Hearst/ABC's ARTS. A former senior v.p. of Warner Amex Cable, Davatzes recently reflected on A&E's growth and cable's prospects with Channels *editors John Flinn and Cecilia Capuzzi.*

A&E's Focus

Having been an operator, I look for the one line that can describe the service: "A&E provides the best in comedy, drama, documentaries and the performing arts" has been working for us. The test is when I talk to an affiliate. I'll say, "How do you describe A&E?" If they say "arts," we haven't succeeded in positioning. Even within that, we're very committed to improvisational comedy. In drama, we've always been very strong, and in the documentary area the focus has been primarily on history and people. Of course, performing arts has a special place for us.

1987's Sub Growth

A&E's programming, in terms of our market, is being accepted. Affiliates have launched us in many systems and probably the most difficult launch has been in our own hometown. As of January 1 we are now on both Manhattan systems, 24 hours a day. So programming is the first reason it's happening.

Also, our marketing people have done excellent work with the affiliates, moving from a sales orientation to a marketing orientation. And some of those subs came from a strategy that we and others advocated of increasing value by eliminating tiers. Our recognition as the basic service that has gotten the largest number of ACE nominations for the last three years has helped. In fact, in 1987, A&E received 35 ACE nominations.

Customer Service

We've made customer service the focus of everybody in the company. This sounds minor, but now we send a weekly A&E guide to every employee, at home. We used to distribute them only at the office. That's one of the things I mandated. You never know who is going to ask about a show.

We've also had a significant community-development program since A&E launched. Over the last few years, we've probably had 150 community events in which we bring together organizations like the library with the local operator and ourselves to show the quality of cable. Another thing that's worked very well with operators is the CityVideos contests, putting together over 170 vignettes about the quality of life in certain cities in sponsorship with the League of Cities.

Creating Original Programming

The source of the product is not an important issue. What's important is what your consumer wants to watch. Some product will have an evergreen quality to it. We're committed to historical documentaries, so we now have *Victory at Sea*. That has been around for a while. On the other hand, there is new product we're interested in. On New Year's Day we ran a five-hour, live celebration of the Australian bicentennial.

In terms of syndication, the question really isn't whether or not you take something off network or not. We'll consider something that comes off the network if we think it meets our strategy. A good example is *The Buffalo Bill Show*. That show has a cult following and we'll have it for a while because people continue to be interested in it.

I think the business of cable is to bring new and different programming to audiences, and we have a strong commitment to bring them programming that has never been seen before. We've developed a relationship with the American Film Institute in which we ensure the development of new shows, with new directors, as part of our "Shortstories" series. I'm not as concerned about the ancillary revenues down the road. The economic model for cable is different from the broadcast networks'.

The British Role

Originally, in 1984, the programming mix was two-thirds British and one-third North American. The mix now is about 65 percent North American and one-third British. So things have changed. The British programming was in the warehouse, we had to be on the air in 60 days, and we whirled it out. As we have gotten successful, we have been putting more and more money into programming.

The NBC Connection
They are not producing original programs for us. What we do first is decide what it is that we want to do, and then we go look for people to do it with. Whether they are an investor is not important. NBC's interest is directly related to the guy who is CEO, and Robert Wright has a strong cable background. Their interest in the Disney Channel or in Turner is good business sense. Like the people at ABC, he sees cable as an integral part of the communications system. If, 20 years ago, you had a network affiliate in your market and an indie and a PBS station, you had 20 percent distribution. Today you don't have that. So if you want to have 20 percent distribution, you should be invested in three, four, five, six, seven cable networks in addition to your broadcast network. That strategy makes enormous sense.

New Programming Plans
Is there anything we'd like to be doing that we're not? Lots! It's just a question of how much money we're willing to spend, and I've taken the approach that we should be self-funded. We're doing new original comedy shows, 13 new episodes of *A&E: An Evening at the Improv* and have options on more. We are working with the American Film Institute, underwriting the New Directors Program. We are very committed to this area of drama—American drama. There are a number of international projects, the first of which was the Australian bicentennial. We'll continue to do our projects with people overseas and with the BBC. We'll do another group of *All Creatures Great and Small* in 1988, which is very costly but is a family classic.

Cable vs. Networks
Our budgets aren't as big as the networks', but I'd say that our hit ratio—those programs that are positively received—is equal to or better than theirs. And Los Angeles and New York do not have a corner on creativity. There are talented people in Chicago, Dallas, Peoria and London. We're trying to open a wider world to the consumer. One of my basic beliefs is that cable ensures the democratic process by ensuring a wide range of information.

Channel Positioning
Our strategy is to be positioned within three channels of the dominant PBS station. There is a cluster of interest in programming. It's very important in terms of increasing penetration.

'A&E's commitment is to provide quality programming to a market niche. We have done that in spades. We have a different focus—we're almost like a specialty magazine.'

KEVIN GREGORY

A&E's Viewers
The single common denominator in our viewer is education. We have a very high percentage of people with some college or college degrees, mostly in the 35-plus and professional/managerial categories, with a disproportionate number of people in \$30,000-\$50,000 households. That makes sense given our programming. Our audience has to be prepared to listen. Certain programs—to use an extreme example, The *A-Team*—really didn't require you to listen to dialogue. There was a lot of blowing up of cars and action. We have a different focus, we're almost like a specialty magazine. We have to be.

A&E's Highbrow Image
When A&E started, there was a disproportionate amount of what you might call highbrow programming. The programming, starting in 1985, has not changed dramatically, but the way we've positioned it may have changed. If you think of our demographics, 35-plus, having the Doobie Brothers or the Beach Boys makes a lot of sense. We'll still have opera, symphony, ballet, stage productions and foreign films. If you look at our lineup today, about 25 percent of it is comedy, 25 percent is drama, slightly less than 25 percent is documentary and slightly over 25 percent is performing arts. That is different from '84, but not dramatically different from '85.

Meeting Cable's Promise
Cable's promise was to provide alternative programming. Cable has more than fulfilled its commitment. A&E's commitment is to provide quality programming to a certain market niche. We have done that in spades and other services have done it. It's clear that C-SPAN is doing the best job in public affairs that has ever been done. It is clear that Nickelodeon does an excellent job in children's programming, ESPN in sports, CNN in news. On the public-access channels in New York you can see a show from Korea, serving Korean-Americans, or one serving Greek-Americans—that's how I keep up with my Greek. This is a new promise of almost ensuring the ethnic diversity of our country.

Nick Davatzes' Profile
Nick Davatzes has a low profile because I plan it that way. I view my assignment at A&E as working with others to get the job done. It's our programming that needs a high profile. I think people believe that we do what we say we're going to do. People trust us. We don't run around yelling A&E every day—A&E has a distinguished profile. ●

Big Three's Big Plunge

By almost every measure, the Big Three networks' audience was down in prime time during the November sweeps, compared to November '86, as independent stations and cable continue to gain viewers. And the biggest drop for the networks' combined ratings—4.7 points, or 9.9 percent—was registered in the dominant rating system, the Nielsen national meters.

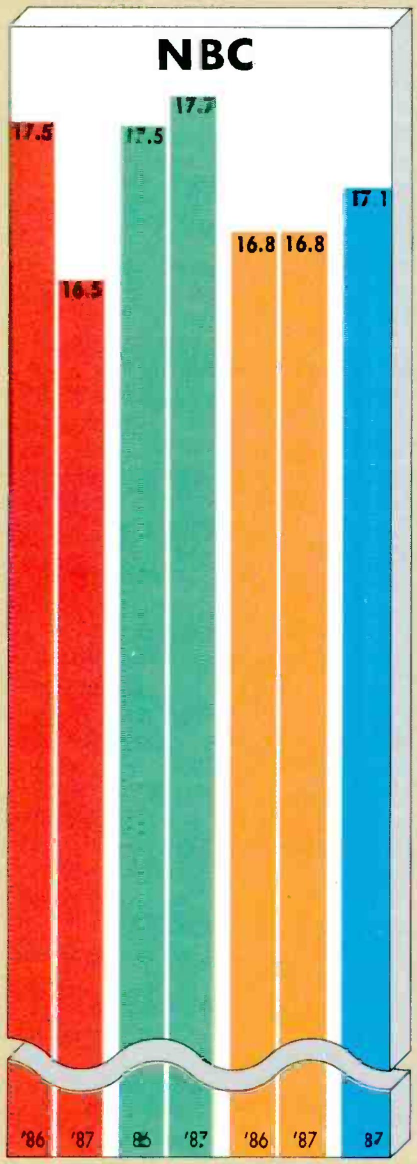
CBS and NBC could take comfort that national totals from Nielsen's and Arbitron's local diaries showed smaller drops, however. (NBC even gained 1.1 points in Nielsen's diaries.)

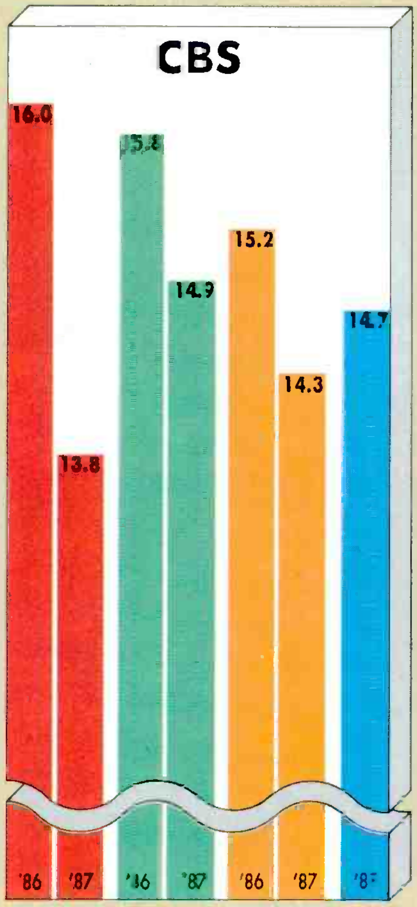
But ABC's prime time average in the sweeps diaries dived 2 points—a half point more than in Nielsen's national meter sample—to a rating in the 12s. ABC has seen worse, but not much worse: It averaged an 11.9 back in the 1953-54 season.

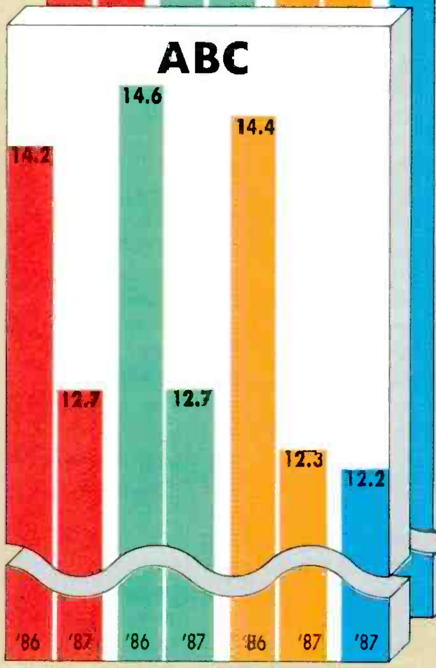
Source: data from Nielsen Media Research, Arbitron Ratings Co. and AGB Research, compiled by CBS. Data covers Nielsen's November sweeps, Oct. 29 to Nov. 25; Arbitron's sweeps started and ended one day earlier.

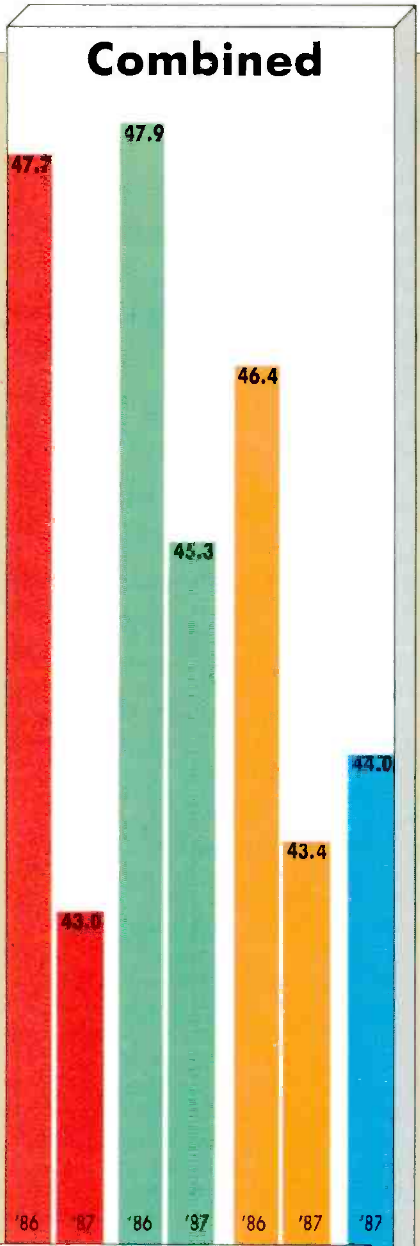
Prime time average rating, November '86 and November '87

Nielsen meters (people meters in '87 and the old metering system in '86)
Total of Nielsen local sweeps diaries
Total of Arbitron local sweeps diaries
AGB people meters (no data collected in '86)









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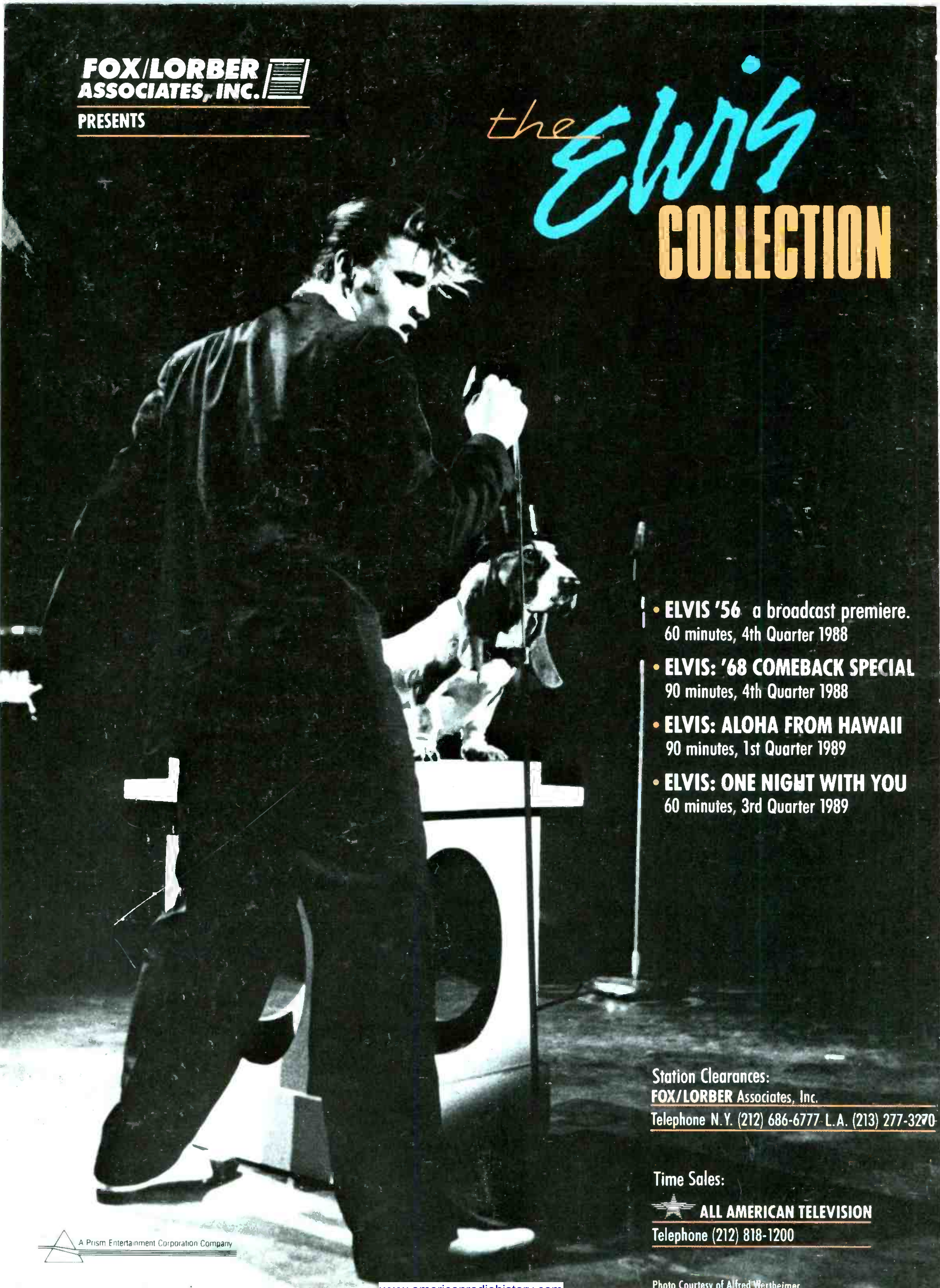
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